

IN THE COURT OF THE TRANSPORT TRIBUNAL

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TRANSPORT ACT, 1947, AS AMENDED BY TRANSPORT ACT, 1953

IN THE MATTER OF THE APPLICATION OF THE
BRITISH TRANSPORT COMMISSION (1960 No. 2)

FOR THE ALTERATION OF THE
BRITISH TRANSPORT COMMISSION (PASSENGER)
CHARGES SCHEME, 1959

AND

IN THE MATTER OF THE APPLICATION OF THE
BRITISH TRANSPORT COMMISSION (1960 No. 5)

FOR THE ALTERATION OF THE
BRITISH TRANSPORT COMMISSION (PASSENGER)
CHARGES SCHEME, 1959

THURSDAY, 16th FEBRUARY, 1961

SIXTH DAY



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PROCEEDINGS OF THE TRANSPORT TRIBUNAL

THURSDAY, 16th FEBRUARY, 1961

PRESENT:

SIR HUBERT HULL, C.B.E. (*President*)

J. C. POOLE, Esq., C.B.E., M.C.

H. H. PHILLIPS, Esq., O.B.E.

Mr. E. STEWART FAY, Q.C., and Mr. T. R. CRAWFORD (instructed by Mr. M. H. B. Gilmour, Chief Solicitor to the British Transport Commission) appeared on behalf of the British Transport Commission.

Mr. R. W. GOFF, Q.C., Mr. LEON MACLAREN and Mr. GEORGE MERCER (instructed by Mr. J. G. Barr, Solicitor to the London County Council) appeared on behalf of the London County Council, Middlesex County Council and the Surrey County Council.

Mr. LEON MACLAREN (instructed by Mr. G. E. Smith) appeared on behalf of the County Borough Councils of West Ham, East Ham and Croydon, and the Borough Councils of Walthamstow and Leyton.

Mr. S. H. NOAKES (instructed by Mr. W. O. Dodd) appeared on behalf of the County Borough Councils of Brighton, Eastbourne and Hastings.

Mr. G. B. H. CURRIE, M.P. (instructed by Mr. W. P. W. Elwell) appeared on behalf of the Folkestone and Kent Coast Railway Travellers' Association and the North East Kent Railway Travellers' Association.

Mr. E. R. FARR, Town Clerk, appeared on behalf of Barking Borough Council and the South Essex Traffic Advisory Committee.

Mr. PHILIP M. VINE, Deputy Town Clerk, appeared on behalf of the County Borough Council of Southend-on-Sea.

Mr. C. W. WINNICOTT, represented the Bishop's Stortford Season Ticket Holders' Association.

Mr. F. A. RULER, represented the Federation of Residents' Associations in the County of Kent.

Mr. CHARLES SARSON, represented the Chelmsford Railway Users Association.

MR. ARNOLD GODFREY EVERSHERD recalled

Cross-examination by Mr. MACLAREN continued

973. Mr. Eversherd, could you look at your Exhibit AE 5. At line 1 you give the gross capital outlay in 1959-1960 and the budgeted expenditure for 1961; could you give me the main items of expenditure included in those sums—what capital outlay those sums represent?

(*President*): We did get this yesterday, Mr. MacLaren.

(*Mr. MacLaren*): I beg your pardon, Sir; then I need not ask that again.

(*President*): The transcript is printed a little later than it used to be; I hope that means that someone is saving some money, but I do not know. I think we did have that figure, Mr. Goff, for the three years?

(*Mr. Goff*): Yes, Sir.

(*President*): Anyhow, Mr. MacLaren, you can come back on this if, when you get the print, the answers are not there.

974. (*Mr. MacLaren*): If you please, Sir. (*To the Witness*): Perhaps you could just help me this far on the figures; I imagine they do contain the capital expenditure on the Amersham Line extension in these years?—Yes.

975. Could you help me with another figure; that is maintenance equalisation in line 6. In the third column, 1961, you are budgeting for a withdrawal from the maintenance equalisation of £0.6m.?—Yes.

976. Could you tell me how that arises?—It arises because the expected expenditure in 1961 will exceed the equalised annual provision for that type of expenditure by £600,000.

977. So the situation as you expected it in 1961 is not a reduction in the maintenance cost, but an increase; is that right?—Yes.

978. Could you tell me very briefly what the reason for that increase is in that particular year?—That is the increase over the expenditure for 1960?

979. Yes, that I understand.—I am sorry, Mr. MacLaren; I was asking you if you wanted an explanation of the increase over the expenditure for 1960.

980. Yes, if you please.—That is not very easy with this type of expenditure; it is of a special nature and it relates to individual projects and therefore the same projects do not fall into both years. Necessarily some projects fall in one year and not in another, and in some cases more is spent on the same project in one year and less in another. I can probably give you the main items: There will be an increase in expenditure of this sort on the modernisation of power supply both in the sub-stations and in H.T. cables; there will be an increase on signalling modernisation; there will be higher expenditure on the reconstruction of stations and on railway bridges; there will be expenditure in 1961 on the lengthening of platforms for the District Line, which has no counterpart in 1960; and there will be expenditure on the provision of escalators at Euston Station. I think those are the main items.

981. I understand that. I suppose I shall get the actual figures for the modernisation of power supply from the note, but I imagine—

982. (*President*): No, Mr. MacLaren, you will not get the actual figures from the note. My note may easily be wrong, but I think I am right in saying that the only actual figure you get for the new outlay was £8.7m. in 1960, which was the railway and buses rolling stock charge and the conversion of the trolley-bus depots to oil-bus services. (*To the Witness*): That is right, is it not?—Yes, Sir.

(*President*): And that was the only precise figure we were given; we were given the headings of the other expenditure.

983. (*Mr. MacLaren*): I am much obliged, Sir. (*To the Witness*): Does the modernisation of the power supply account for some of the expenditure in line 1?—Yes; in so far as it is capital expenditure it will be included in line 1.

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[Continued]

984. (President): In 1961 and 1962; or is there some in 1960?—Yes, Sir, and in previous years and in subsequent years.

985. (Mr. MacLaren): Going on year by year to about 1963; is that it?—I cannot give you the finishing date, but there is substantial expenditure to be met in the years subsequent to 1962.

986. With regard to the item under "Maintenance" for the modernisation of power supply, is that an improvement? I am not criticising it, but you gave a heading accounting for this increase in maintenance; is that money going in improvement?—It is money going into modernisation. All the money which is going into modernisation has then to be divided between the improvement element and the maintenance element; to the extent that it is an improvement it is capitalised, and appears in line 1, and to the extent that it is expenditure of a revenue nature it appears in line 6.

987. So the effect of your modernisation in this particular year of 1961 is in fact to increase your maintenance item?—Yes.

988. Could you explain how that comes about?—Yes, it is simply this, that we shall in 1961 spend more than we spent in 1960 on work of a revenue kind associated with the modernisation of the distribution of electric current.

989. It is probably my lack of knowledge of how these things operate, Mr. Eversherd, but one would expect, if you were carrying through a scheme of modernisation, that one of the effects of that would be in fact to drop your maintenance costs, not to increase them. I think you gave me the increase for 1960 actually, but it does not matter.—I am comparing with 1960.

990. You are comparing 1961 with 1960?—Yes.

991. And there is an increase between 1961 and 1960 in the maintenance cost?—Yes.

992. What I am asking you is: It would seem to me that as a result of the modernisation of your power supply, one of the effects would be to reduce your maintenance charges?—This is not maintenance of an ordinary day-to-day kind; it is expenditure which is incurred in the course of modernisation, but which is of a revenue character. May I try to give an example? In the course of the modernisation of, say, a sub-station we might replace the existing equipment with a great deal of new equipment, which would be a capital charge. In the process of doing that, however, it may be necessary to move and re-site a lot of other equipment, or re-route cabling, and an expenditure of that sort is classified as maintenance expenditure for this purpose.

993. Yes, I follow that, and I suppose the same applies to the modernisation of the signalling?—Not quite. The sort of thing that happens there is this, that in the course of modernising signalling we would install an improved type of asset. Signalling assets are assets which are classified as non-depreciating assets; when we put in a better type of signalling equipment, the betterment is capitalised and the replacement cost is charged to revenue.

994. Yes, and the renewal of railway bridges has a similar division, has it?—Yes, you might very well get a similar position there. You renew a railway bridge with a better one—possibly a wider one—in which case the improvement is capitalised and the cost of replacing what was there before is charged to revenue, subject to equalisation through the maintenance equalisation account.

995. Yes, I understand that. What it really amounts to is this—I am not criticising you in any way; I just wanted to understand it—that what you are telling me is that these increases in maintenance charges which are shown by these withdrawals in 1961 and again in 1962 are in fact associated with your modernisation mainly under these headings which you have given me?—Yes, very frequently. There are other items which are not associated with modernisation in the ordinary sense of the word, such as complete renewals of sections of permanent way.

996. All those items relate, do they, to assets that are considered to be non-depreciating?—Not always, but usually this type of expenditure is associated with assets for which no provision for depreciation is made.

997. Thank you; I will not pursue that any further. There is just one last question under this head: In 1962 you would expect to be gaining the benefits of the work on the Amersham extension, would you not? Is that fair; it will be in full operation in 1962?—It comes into full operation in September 1961, but I would not expect that we should be getting any substantial benefit from that in 1962.

998. That is too soon, is it?—I did hazard a guess yesterday that we should not get the benefits of that for two or three years after completion.

999. (President): This is the improvement which you described as the 4-tracking, Mr. Eversherd?—Yes, Sir.

1000. (Mr. MacLaren): I think there is only one other figure I should like to have from you, if I may. Would you look at your exhibit AE 2, line 4; could you give me the figure for working expenses for 1961? The figure given here is for a future year, and I think the full year's effect is given to certain expenditure.

(President): I think you are referring to AE 3, Mr. MacLaren, not AE 2.

1001. (Mr. MacLaren): Yes, I beg your pardon; it is line 4 of AE 3. It is the total figure for working expenses in your budget for 1961?—Yes. The figure is £81.7m.

1002. That is as against the £82m. for the future year?—Yes.

1003. Perhaps I may just put this to you: The effect in 1961 of the existing increases in fares—those that are in effect—would be, if I may now go to line 10, that you will have the benefit of line (a), £0.2m., line (b), £2.5m., and line (c) not the full £2.5m., but about £2.4m.; is that right?

(President): In what year is this, Mr. MacLaren?

1004. (Mr. MacLaren): 1961, Sir.—Yes; we shall have the benefit of those increases in 1961, aggregating £5.1m.

1005. Yes, and the working expenses in 1961 will be £0.3m. less than in line 4—

1006. (President): I am sorry, but why do you say "aggregating £5.1m."; is it not £5.2m.?—No, Sir; Mr. MacLaren is asking the extent of the benefit in 1961.

1007. Yes—in the calendar year.—Yes, and item 10 (c) did not come into operation until the 15th January.

(President): Yes, I had forgotten that.

1008. (Mr. MacLaren): It is £5.1m. and a reduction in working expenses is shown in this table to bring it back in 1961 to £0.3m., which together comes to £5.4m. Then your net revenue in 1961 at the existing level of charges will in fact be £7.2m.; is that right?—At the existing level of charges the net revenue will be £7.2m., yes.

(Mr. MacLaren): Thank you; I just wished to have your confirmation of that.

(President): Has anybody else any questions for Mr. Eversherd? (No response.) Are you going to re-examine, Mr. Fay?

(Mr. Fay): Yes, Sir; I have a few questions.

1009. (President): Before you do re-examine, this is a question which arises directly out of something which Mr. MacLaren has been putting. (To the Witness): Have you your 1959 Year Book?—Yes, Sir.

1010. Would you look at page 32; I cannot quite reconcile the figures on page 32 with the figures in column 1 of Exhibit AE 5.

(Mr. Goff): Would you be so good as to repeat your question, Sir; we have not the book.

1011. (President): I am asking Mr. Eversherd to have before him page 32 in the 1959 handbook, and at the same time the first column of Exhibit AE 5. The figures on page 32 of the book suggest that the net capital outlay will be not £5.4m. for 1959, as is shown in Exhibit AE 5 at line 3, but £5.1m. (To the Witness): Can you just explain

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[Continued]

that?—I am sorry, but these figures are not comparable, Sir. The figure of £5.4m. in Exhibit AE 5 is before deducting depreciation provision.

1012. (President): Then let us go by stages. Look at page 32 of the book; the gross capital outlay in those seven items comes to a total of £6.8m., but in your table AE 5 the gross capital outlay is stated as £7.1m.—Yes, Sir.

1013. Am I on a point which is patently absurd, or is it something which wants looking into?—I think it is something that I should explain, Sir.

1014. Would you like to do it now or later?—I think I shall have to do it later, Sir; I am sorry.

1015. I only ask you now, because in the course of Mr. MacLaren's cross-examination I had the pamphlet in front of me. Will you just look into it, and explain it at some time?—Yes, I will, Sir.

Re-examined by Mr. FAY

1016. The Central Charges which are put forward in this case as attributable to London Transport are derived, as we know, from the figure of £6.0m. which was put forward last time, and you said in answer to my learned friend Mr. Goff that the £6.0m. was an agreed figure?—Yes.

1017. I take it you meant agreed between your Executive and the British Transport Commission?—Yes.

1018. Which, of course, shows in the document we have just been looking at, the booklet "London Transport in 1959"?—Yes, on page 81.

1019. Yes; it is the revenue account: Central Charges, £6.0m.?—Yes.

1020. In agreeing between the Executive and the British Transport Commission, is that an agreement which is reached, as it were, at arm's length, or is it reached in collusion with a view to producing a case at these Inquiries, or for what purpose is it reached?—It is certainly not a figure which is reached in collusion for the purpose solely of these Inquiries; it is a figure which is discussed and agreed at arm's length, if you like, in the sense that we in London Transport are unwilling to be required to contribute any more than we should.

1021. There was a criticism levied last time, I think, that the figures for London Transport were not published. Of course, they now are published in the booklet at which we have been looking?—They are now published, yes.

1022. You say you are unwilling to agree to too high a figure. That would depress your results, of course?—Yes.

1023. And are you anxious to show as good results as you properly can?—Naturally.

1024. On the other hand, the Commission, I suppose, are anxious to get a proper sum from you?—Yes.

1025. In the discussions how was the matter approached?—The matter is approached in this way, that we start from a previously agreed figure and adjust that in the light of actual or estimated capital investment.

1026. In other words, in the same way as you have put forward the future figures for this Inquiry?—Yes.

1027. Is that a method which commends itself both to the Commission and to London Transport?—That seems to both of us to be the right way to approach it.

(President): Mr. Fay, why do you say that 1959 was the first year in which the contribution to Central Charges was quantified and published?

(Mr. Fay): I do not think that was right, Sir. Last time was the first time that there were any published figures available in these booklets.

(President): You are wrong, are you not, if you look at the booklet for 1958, page 78? One ought never to say that Counsel is wrong, but I am not quite certain that you are right.

1028. (Mr. Fay): I am wrong, Sir; I do not take exception to that in the slightest. I am not sure when "London Transport in 1958" was published. I do not think it was available last time, I think we were working on the 1957 figures. "London Transport in 1957", on which we were working last time, gave a Balance Sheet on page 76, but I think I am right in saying it did not quantify the Central Charges. (To the Witnesses): Is that right?—I think that is right.

(Mr. Fay): Certainly the point was taken last time. I have not got the reference to it, but I remember it was taken that all this was in the air, and the figure was never published and no one could tie themselves to it.

(President): In point of fact, in 1958 the figure is stated as a minimum contribution of £5.5m.

(Mr. Fay): Yes. The word "minimum" has now disappeared. I think I am right to this extent, that at the last hearing the published figures available showed no contribution to Central Charges.

(President): No; it was not published until June or July, 1958, probably.

(Mr. Fay): I do not recollect having any but the first one, the 1957 one.

(President): I think you are right. We were sitting in February or March, I think.

(Mr. Fay): We started in December.

(President): Yes, and then there was an outbreak of flu which decimated everybody except the Tribunal.

(Mr. Fay): Then we went to March, and I think June was the final lap.

(President): Let me hope, as a traveller on London Transport services, that when the surgical operation is performed which we gathered under the White Paper has to be performed, London Transport will put up a very stout fight for the extent of their capital obligations.

(Mr. Fay): When, as, and if that surgical operation takes place it will deprive most of us who argue these matters of a great deal of debating ground.

(President): It will supply you with different debating grounds. It will be pleasant to think we need not all carry in our heads everything which has been said by all sides since 1951.

(Mr. Goff): Not merely had some of us to carry it in their heads, they had to learn it first.

1029. (Mr. Fay): The next matter is this: Some considerable cross-examination has been directed to the Commission's table of the specific approach, which starts with PJ 16 of last time and which you have brought up to date this time. Some of the cross-examination was rather as though that was the central part of the Commission's case, but is it in the forefront of the Commission's case that the specific approach should be adopted as the proper test?—No. We regard the approach adopted in my Exhibit AE 5 as being the proper approach, and AE 6 as a test.

1030. Perhaps I might refer you to what was said when PJ 16 was put in on the 5th March, 1959, at page 428, column 1. I put it in, and addressing the Court I said: "It is not part of my case, it is certainly no part of the Commission's case, that the specific approach is the proper approach. The reason I want to put it in is because if the specific approach commended itself to the Tribunal, we would like a proper specific approach, as we see it, to be put before the Tribunal, and that has produced a different result from Mr. Lawson's exercise. But there it is, Sir; if you think it would be better not to put it in, I shall not do so", and the learned President said: "No, I am extremely anxious to see it. In point of fact it had crossed my mind that we would invite you to take Mr. Lawson's specific approach tables and, with certain alterations made in some of the lines, to bring out a revised Lawson table." I think, Sir, the revised Lawson tables were, in fact, produced by the Middlesex County Council last time and are to be found at pages 493 and the following pages with a supplement at page 518.

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[Continued]

(President): Page 493 onwards are the revised Lawson tables. When you were speaking on the 5th March, what we had in our possession were the original Lawson tables.

(Mr. Fay): Yes, indeed, Sir, and I understand it was consequent upon your suggestion which I have just read that the Middlesex County Council themselves did the exercise—which, of course, they were fully entitled to do—and produced the revised tables.

(President): Yes.

(Mr. Fay): I mention that now because I may have occasion to refer to it at some stage.

(Mr. MacLaren): On that matter, was there not a further revision of the Middlesex County Council's tables, after the Inquiry closed, by correspondence?

(Mr. Fay): Yes, I have already referred to that, page 518 and those which follow.

(Mr. MacLaren): What I am referring to is something later than that in correspondence.

(President): There was a letter from the Middlesex County Council of the 18th August which was explaining part of their Memorandum they had put in at an earlier date.

(Mr. MacLaren): If you please.

(President): It is evident there had been a discussion between Mr. Lawson and Mr. James about the meaning of something in the Commission's representations, and the Middlesex County Council were anxious that something they had said earlier should not be understood in a sense which they now recognise to be incorrect. I think that is right.

(Mr. Fay): Is that a letter to the Tribunal, Sir?

(President): Yes, of the 18th August.

(Mr. Fay): I am not sure I have ever seen it. I dare say my clients must have had a copy, but, of course, that was after the close of the Inquiry and therefore would not be on the transcript.

(President): A copy was sent to the Chief Solicitor and to the Parliamentary Officer of the London County Council.

(Mr. Fay): I am much obliged.

(President): We were not receiving something behind your back, Mr. Fay. I am not certain we are not entitled to, but we were not.

1031. (Mr. Fay): Of course not. My own interest in the matter had by then ceased, of course. (To the Witness): Mr. Eversherd, have you Mr. Hill's tables in front of you?—Yes.

1032. There are just one or two matters I would like to ask you about. First of all, SWH 2: That is a comparison of the invested capital in London Transport and the British Transport Commission in the first part of the table, and it differs from the test which the Commission have put forward in the past in that it is not confined to the net book value of fixed assets. I think you used the word "hybrid" in connection with it, Mr. Eversherd—I am afraid I did, yes.

1033. It introduces one item of current assets, does it not?—Yes.

1034. Can you see any logical justification for picking out one item of current assets and neglecting the other current items, whether they be assets or liabilities?—No.

1035. If one is to bring in any current assets, would the logical course be to bring in the net current assets?—Yes.

1036. So that the ultimate figure was that of net assets, both current and fixed?—Yes.

1037. Whether that would be in our favour or against us I do not know, and I do not think you have worked it out, have you?—I have not.

1038. But is the effect of bringing in simply stores and materials to weight the fraction against London Transport?—It appears to me to have that effect.

1039. The proportion of the fixed assets in the Commission as a whole is higher than that in London Transport?—Yes.

(Mr. Goff): Did you say weighted "against" London Transport?

1040. (Mr. Fay): Yes. (To the Witness): Could we go on to SWH 3. Column 10 of SWH 3 is headed: "Interest on accumulated surplus or deficit". Have you been able to ascertain how that interest is calculated?—No, I have not been able to discover how that has been done. I can say that it has not been done in the same way as that adopted by us for a similar calculation in AE 6.

1041. (President): Mr. Eversherd, do you say that with the assistance of the notes in SWH 5 upon column 10, you do not understand how the column 10 figures were arrived at?—Yes.

1042. According to the notes in SWH 5, the column 10 figures are calculated at 3 per cent. until the exhaustion of the credit balance, that is to say until 1960, and from 1960 onwards, in the continuation table, on interest at 6 per cent.?—Notwithstanding that, I cannot understand how column 10 is calculated.

1043. (Mr. Fay): You appreciate the two interest rates, they are set out?—Yes.

1044. But applying those interest rates to the figures, you cannot see how the interest has been calculated?—That is so.

1045. Does that apply to the interest in column 6? Do you understand how that is calculated?—With one exception, that is the credit given in the year 1960, the basis of calculation of that figure is quite clear.

1046. What do you say about 1960, where the interest appears as to credit of £0.62m.?—I must say I cannot see how that figure has been calculated. It is a figure which caught my eye because it is, in fact, almost the highest figure for any year in that column.

1047. You have to go back to 1950 to get a higher figure.

1048. That is a year which started with a balance of £27½m.?—Yes.

1049. Whereas this one starts with £16½m.?—Yes, and finishes with a little under £7m. in the capital balances.

1050. And yet produces a higher interest figure than many of the intervening years when the capital balances at the beginning and end were higher?—Yes.

(President): Of course, it would be calculated at 6 per cent., would it not?

1051. (Mr. Fay): I do not think the note indicates that 6 per cent. was taken for that year. The note says: "Interest on capital balances", but we are not told at what rate, whether the old 3 per cent. or whether it changed with changing rates of interest.—The note says that 6 per cent. is adopted in 1960 and later years.

(President): That is Item 10.

1052. (Mr. Fay): What about column 6?—I had assumed that 6 per cent. would be used there as well.

1053. You had assumed it jumped from 3 to 6?—Yes, in some way; but I still cannot see how the calculation has been done, and it still seems to me to produce a curious answer.

1054. Perhaps we will hear in due course. Could we go on to those notes at which we have been looking, SWH 5. There is a good deal of argument about the Trust Fund, but I need not trouble you with that, that is argument; but there is an item under the notes to column 3, "Net current assets of L.P.T.B., £3.5m.". I do not know whether you can reconcile that with the last Balance Sheet of the London Passenger Transport Board.—I have not been able to.

1055. There are various exercises one can do with that Balance Sheet, but I do not think any of them have come

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[Continued]

out at £3.5m.—None of those which I have done has come out at £3.5m.

(President): Mr. Fay, is the difference in the treatment of the Trust Fund between Mr. James's treatment and Mr. Hill's treatment of any importance except to a person who wants to know what the accumulated deficit is?

(Mr. Fay): I suppose it is of importance to a person who is trying to ascertain the Central Charges by the pure specific approach.

(President): But is it? It depends what year you take. If he wants to ascertain what Central Charges were, or ought to have been, in 1948, yes; if he wants to ascertain what Central Charges ought to be for 1960, no.

(Mr. Fay): On the pure specific approach, surely, an element in the Central Charges is the interest, one way or the other, on the accumulated surplus or deficit.

(President): But by 1960, on Mr. Hill's showing, this Trust Fund, as a kind of liquid fund in the hands of this national company, had been exhausted?

(Mr. Fay): Yes, but it has left its legacy behind, has it not, on the pure specific approach?

(President): What is the legacy?

(Mr. Fay): The legacy is that of the accumulated interest. The amount of the balance in any year is going to be affected by the amount of interest in past years. I think my learned friend agrees with that. That is, as I understand it, the pure specific approach. That appears in the Lawson tables, also I think in Mr. Hill's tables and in PJ 16. But it is only a fraction, of course; whether it amounts to more than £0.1m. at the end of the day, I am not sure. But it does make a difference.

(President): Mr. Lawson's final figure—and that was a figure reached after taking credit for a mysterious Income Tax recovery of £2.8m.—was £6.07m. for 1960, whereas Mr. Hill's final figure at the moment for 1960 is £5.94m. in this table. There is a difference of £130,000.

1056. (Mr. Fay): Yes, but it does give us a point. I think that is the limit of the relevance. (To the Witness): May I turn to the last matter and ask you to look at SWH 8. This is a table which bears some resemblance to your AE 5 in that it attempts to ascertain the additional interest charge attributed by fresh capital investment for the year with which it deals; that is right, is it not?—Yes.

1057. Looking at SWH 8 for 1961, line 7, one sees Mr. Hill is debiting £0.6m. withdrawals from Maintenance Equalisation Account. That also appears in your AE 5, does it not?—Yes.

1058. And is a proper deduction from the self-financing, which is what is set out in the central column under 1961?—Yes.

1059. Going back to 1960, you, in AE 5, have made a similar deduction of £0.3m., but Mr. Hill has made no deduction at all; is that correct?—Yes.

1060. Is your £0.3m. described as bus and coach overhauls, whereas the £0.6m. in the following year is described as maintenance equalisation?—Yes.

1061. Although they are in separate funds, are those both items of equalised expenditure provisions? Is there any difference in character between your two items?—There is no difference in character, no. They are both items of expenditure which have not been charged against the results of those years, they have been charged against provisions set up in previous years.

1062. If one is ascertaining how much self-financing there is in a year, is it the right, and indeed the only, course to make allowance for any withdrawal from a provision which reduces the amount of self-financing available?—Yes.

1063. And can you see any distinction between bus and coach overhaul provisions and the maintenance equalisation provision?—None at all for this purpose.

1064. Do you say Mr. Hill ought to have put £0.3m. into his 1960 figures?—Yes.

1065. In point of fact, although the interest appears to be worked differently, at the end of the day there is not a great deal of difference between SWH 8 and AE 5, is there?—There is a good deal of difference in total, yes.

1066. There is a good deal of difference in the Central Charges which are arrived at, but if one is asking how much is the extra interest burden, the extra interest burden in 1960 appears at line 13 of SWH 8, does it not?—Yes.

1067. At £0.27m., which we can round to £0.3m.—Yes.

1068. The extra interest burden for 1960 is part, in your table, of the £0.3m. at line 10 in AE 5, is it not?—Yes.

1069. I say "part", because line 10 is a cumulative figure, is it not?—Yes.

1070. It is cumulative because you are going to add it on to £6m. In each case, whereas Mr. Hill's method is to add on each year's figure to the preceding year's Central Charges as he ascertains them. You add that cumulative figure to the £6m. back in 1960?—Mr. Hill adopts a somewhat similar method, a cumulative method.

1071. But he adds it on year by year—

(Mr. Goff): Would you ask the Witness whether it is the same or not, and not suggest the answer?

1072. (Mr. Fay): Very well. I am quite sure the Witness would not agree with me if I were wrong. (To the Witness): Mr. Hill, if I understand him rightly, at line 14 of SWH 8 brings forward the previous year's Central Charges, £5.3m.; he adds the £0.3m. to that—that is the preceding £0.27m.—and produces a figure of £5.6m. for the Central Charges for 1960. Is that what you understand?—That is so in 1960.

1073. What does he do in 1961?—He starts again with the £5.3m. appropriate to 1959.

1074. Then he adds on £0.7m.?—Yes.

1075. Whereas we add on £0.8m.?—Yes.

1076. In 1962 he adds on £1.2m.?—Yes.

1077. We add on £1.4m.?—That is so.

1078. (President): Is the current rate of interest 6 or 6½ per cent. on new borrowing, do you know?—We are using 6 per cent., but I cannot give evidence as to what the Commission are, in fact, paying at the moment.

(Mr. Fay): Mr. Winchester gave some evidence about that. The current rate is 6½ per cent., I think.

(President): Speaking from recollection, possibly of other papers and statements, I certainly thought the Government charge more than 6 per cent. at the moment.

1079. (The Witness): Mr. Winchester did give evidence to the effect that the Commission were paying 6½ per cent.

1080. (Mr. Fay): Is this right: He said that last year it averaged out at 6 per cent.?—Yes.

1081. And is now running at 6½ per cent.?—Yes.

1082. Is the difference between AE 5 and SWH 8, apart from the omission of the £0.3m. I have mentioned in line 7 for 1960, due to starting the Central Charges at a lower figure?—Yes.

1083. Thereby getting a larger revenue margin, which means a larger measure of self-financing for any one year?—Yes, that is reflected in line 5.

(Mr. Fay): I think that is all I have to ask. I do not know whether the Tribunal have any further questions at this stage?

(President): Not at the moment. You will look into that point which bothered me, will you, Mr. Evershed?—I will indeed, Sir.

(President): If it is more easily explained in a table, put it on paper and then everybody can have it.—Yes, Sir.

(The Witness withdrew)

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[Continued]

MR. ERNEST ARTHUR WALTER DICKSON, recalled

Cross-examined by MR. GOFF

1084. You were dealing with British Railways outside London, were you not?—Yes.

1085. Therefore you are only concerned with the first and the third stage?—That is so.

1086. The first stage dealt with early-morning fares and season ticket increases?—Yes.

1087. And the third stage deals with further season-ticket increase; is that right?—Yes, that is so.

1088. So far as early-morning fares are concerned, the increase at Stage 1 only had any serious effect on travellers in London, did it not?—Yes, I think so.

1089. It is fair to say that?—Yes.

1090. Because outside London, owing to road competition, there were already cheap fares which in many cases were lower?—Yes, not in all cases.

1091. (Mr. Fay): By "London", do you mean in the London Area, or do you include journeys from London to points outside the Area?

(Mr. Goff): I would include those, yes.

(Mr. Fay): Because they are Mr. Dickson's subject, and I should have thought they had been affected.

1092. (Mr. Goff): It is page 29 of the transcript, a little below the middle of the first column: "Firstly, will you deal with the early-morning return fares; when they were increased in May, 1960, on British Railways outside London, did they follow the same pattern as those of London Transport? (A) Yes, it was the same scale; it was on an average, I should say, about 12 per cent. above the scale already in force. (Q) So far as the scale which was operative throughout British Railways is concerned, was there any other range of fares? (A) Yes, there was already a range of cheap fares outside London, and in many cases they were lower than the early-morning fares". What you were dealing with there, where you said there was a range of cheap fares outside London, were journeys which were wholly outside London?—Oh, yes.

1093. Later on, at the top of the second column on page 29, the first question: "Can you give any estimate of the financial effect of increasing early-morning fares? (A) Outside London the effect of that would be negligible"?—Yes.

1094. There, again, you were referring to journeys which were wholly outside London?—That is so.

1095. So the burden of the increase fell, did it, upon persons who wanted to travel from places outside London into London and people who wanted to travel about in London?—That is so.

1096. The people who wanted to travel from outside London into London would not be long-distance people on early morning fares?—The maximum distance is 60 miles.

1097. They would mostly be people coming in from the Suburbs to work in London?—Yes; but there was, and I think there still is, a certain amount of early morning season tickets between Brighton and London, which is 50 miles.

1098. But the majority, presumably, would be in an area within, say, 20 or 30 miles of London?—That would be in the London Area. Outside the London Area and up to about 50 miles, I would say—between 30 and 50 miles.

1099. So that the burden fell upon the people actually in the London Area. Although they would not describe themselves as living in London, they are coming in from the Suburbs, and also people living further out coming into London?—Coming into London, yes.

1100. Both parts of that would be correct: The burden fell upon people who though in the London Area do not live in London strictly, who are coming from the country round London or the Suburbs of London into London

more centrally, and people coming from further afield into London?—Yes. If I may put it in this way, the burden—as you refer to it as a burden—would fall on British Railways' travellers living on London Lines or living in outer areas outside London Lines but working in London.

1101. You say I described it as a burden, but, of course, it was a burden, was it not?—I would not describe it as a burden.

1102. Do you not regard an increase in fares as a burden?—Not when they are very low, to start with.

1103. That may make the burden less, but it must be a burden. It was a perfectly fair way of describing it, was it not?—I think you rather overdid it by calling it a burden.

1104. I just want to see I have got this right: So far as season ticket rates are concerned, am I right in saying that in November, 1959, the season ticket rates authorised by the 1959 Scheme were put into force up to 24 miles?—The maximum scale up to 24 miles, yes.

1105. But beyond that the rates in fact charged were less than authorised by the 1959 Scheme?—That is so.

1106. Then on the 8th May, 1960—which was the first stage—the authorised rates were increased—at least, they were increased from April, and then you, in fact, brought the actual fares right up to the maximum authorised by the increase at the first stage?—That is so.

1107. That was not only up to 25 miles, but beyond?—Yes.

1108. You gave evidence that originally the increases were greater for shorter distances and you have been correcting that to some extent?—That is so, yes.

1109. Would you look at AD 1. It is still the fact, is it not, that the increases in the shorter distances in percentage figures are greater than they are for the longer distances?—That is so.

1110. And that will be so under the headroom Scheme?—Yes, but the difference is not so marked as it has been in previous years. If you compare, for instance, the second column, the 1957 Scheme, and the headroom Scheme, the last column on the right, it is not quite the same order. You are perfectly right in saying that even under the headroom Scheme the increases are higher at the shorter distance than the longer, but not by nearly so much.

1111. So it is still the people in the London Area and coming into London who will be suffering more from these increases than people further afield?—That is so, yes.

1112. That will still be true if the headroom Scheme is applied?—Yes.

1113. In the middle of page 31 do you see: "I think the Tribunal are familiar from the past with the reasons which have been advanced for the need for headroom, and, indeed, the Commission's witness in the 1959 Scheme elaborated upon it. Are those principles still valid to-day?", and you said they were. "Does it mean that if you obtain the headroom it will necessarily be used? (A) It does not follow". That leaves it a little bit at large. You say it does not follow, but is there any present intention of implementing the new headroom Scheme if it is authorised?—No; I do not think it is under consideration yet.

1114. Is there any present intention of implementing it in part by increasing the fares within the ambit of the headroom scale, but not to the maximum?—As far as I know, there is no intention to do anything at the moment. It has not been considered.

1115. Then, I suppose, you could not give any idea whether, and when, it is likely to be implemented?—I have not a clue.

1116. No clue?—No clue at all.

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[Continued]

1117. Would you mind looking at the bottom of the first column; there is a question I find difficulty in following, although I have no doubt it is my fault.—I think there is a mistake in the transcript.

1118. It begins: "Is that because you need a comparable headroom—that is, comparable with the ordinary fares—for season tickets, and if you retained a common scale with London Transport, you would not be able to have any headroom in your season ticket scale?—That is so, because as I was saying just now, we are asking for a headroom"—I think there should be an alteration in the transcript.

1119. (President): What alteration?—Where I give my answer: "That is so, because as I was saying just now, we are asking for a headroom of 20 per cent. above the current rate—that is, the Stage 1 rate—whereas the London Transport increase is 10 per cent., namely the 5 per cent.", it says here, "on the 8th May, and the further 5 per cent. on the 15th January". That reference should be: "namely, the 5 per cent. on the 15th January, and the further 5 per cent. at Stage 3." You see, what I am comparing there is the proposed rate with the 8th May. So far as London Lines are concerned, the increase in the season ticket rates on the 15th January was 5 per cent. above the rates of the 8th May, and at Stage 3 a further 5 per cent. increase for London Lines, making the new rate 10 per cent. above the 8th May; whereas outside London the headroom rate would be 20 per cent. above the 8th May.

1120. (Mr. Goff): I am sorry, you went a little fast for me, and I am afraid I did not quite follow the explanation. This comparison is a comparison between the headroom scale for which you are asking—which you say is 20 per cent.?—Yes.

1121. That is a 20 per cent. increase over the present season ticket rates?—Yes, over the present season-ticket rates which came into force on the 8th May.

1122. And is applicable to London Lines?—London Lines and British Railways.

1123. That is 20 per cent. over the first stage increase?—Stage 1, which is the increase that came into force on the 8th May.

1124. Then you say that the London Lines were increased by 5 per cent. at the second stage?—The 15th January, yes.

1125. And would be increased by a further 5 per cent. at the third stage, which would be a 10 per cent. increase altogether?—That is so.

(Mr. Poole): I am not quite sure where you have gone wrong.

1126. (President): Read your answer again as it ought to have been.—Yes, Sir. "That is so, because as I was saying just now, we are asking for a headroom of 20 per cent. above the current rates—that is, the Stage 1 rates"—

1127. (Mr. Poole): Anything wrong with that?—That is perfectly correct. "... whereas the London Transport increase is 10 per cent., namely the 5 per cent. increase on the 15th January, and the further 5 per cent. at Stage 3".

1128. (Mr. Poole): That is what it ought to be?—That is what it ought to be.

1129. (President): You have changed the 8th May to the 15th January, and you have deleted the words "on the 15th January" and inserted the words "at Stage 3"?—That is so.

1130. (Mr. Goff): In effect, by using the dates that appear in the transcript—whether or not you said them—you, in fact, refer to the first and second stages when you intended to refer to the second and third stages?—That is so, yes.

(President): Mr. Fay, is Mr. Crawford, or someone less busy, compiling a list of corrections?

(Mr. Fay): Yes, Sir. We have a draft Corrigenda for the first few days, and this correction appears on it.

1131. (Mr. Goff): You said in the answer to the same question that you needed a comparable headroom, "that is, comparable with the ordinary fares". So you say you want a 20 per cent. headroom on season tickets because you have got a 20 per cent. headroom on ordinary fares; is that right?—Yes.

1132. And that is because the authorised fare is 3d., but you charge 2½d.?—Yes, that is so; I am sorry there was that mistake.

1133. It is very easy to do even if it was your mistake, which we do not really know.

(President): I expect it was; Shorthand writers are very rarely wrong!

1134. (Mr. Goff): At any rate, if it was your mistake it was a very easy one to make. Would you look at the bottom of page 30, four questions from the bottom: "Now may we deal with the season ticket revenue on the 1959 Scheme as approved. The Fifth Schedule shows, I think, the maximum season ticket rates; how did they compare with the previous scale? (A) The estimated yield if the maximum rates had been implemented to the full, was shown on page 504 of the proceedings of the Tribunal on the 23rd June, 1959, as £532,000 based on the budget for 1958. (Q) What about the revised yield?", and you were about to say that you did not get what you asked for when the learned President intervened and said: "Your figure of £532,000, of course, is in respect of British Railways outside the London Area? (A) Yes, Sir: all my evidence is related to outside the London Area. As I was saying, we did not get the scale for which we applied, but the revised net yield from the limited increases which were introduced in November, 1959, was estimated at £400,000 in a full year, and that was taken into account with other factors involved in assessing the budget for the year 1960 at £7,660,000—that is, at the 1st November, 1959, level of charges. (Q) What is the net yield in a full year from the increases which were made in May, 1960? (A) The estimated net yield in a full year was £220,000". That £220,000 was an estimated net yield from the increase in charges authorised at the first stage, together with the further increases which you made to bring up the fares over 24 miles which were below the authorised standard?—I think it is the same thing. It was an estimate of the revenue that we got from the new scale compared with the old one.

1135. But the £220,000 was an increase which was derived from increasing the season ticket rates after the first Order up to the maximum authorised by that Order in part from the old scale and in part from the actual which was below the old scale?—I do not quite follow that. The increase is from the new scale, that is to say the new scale in force on the 8th May.

1136. But the increase was obtained by increasing the existing fares up to the new scale?—That is so, yes.

1137. And therefore it included the increases of fares which were below the existing scale; they were increases from that level up to the new scale, and the others were increases from that scale up to the new scale, and the total effect of those operations would be to produce the £220,000?—Yes.

1138. The comparable figure of London Lines was £940,000, was it not, if you look at Table BH 26 on page 54?—Yes.

1139. Column 4, Item No. 3, the discounted yield is £940,000?—Yes, that is so.

1140. That was the yield on London Lines from the same operation as produced £220,000 outside London?—That is so.

1141. And BH 28, page 56, column 4, line 3, shows that the estimated yield at Stage 2 for London Lines is another £410,000. At Stage 2, of course, no increase was made in season-ticket rates outside London at all?—No.

1142. Was the £220,000 at which we have just been looking at page 30 largely from travel into London?—Yes, it would be.

1143. (President): Mostly the Southern Region?—Not "mostly", no.

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[Continued]

1144. (*Mr. Goff*): Indeed, outside London would it be right to say that season tickets are not regarded as a matter of first-class importance?—No, I would not agree with that at all.

1145. You see at the top of the second column on page 30: "Do you find that good use is made of the season-ticket facilities? (A) I rather hesitate there, because it varies between different parts of the country: Good use is made of the season ticket facilities, say, from outside London to London, but in other parts of the country, as we notice at Sutton Coldfield, the season ticket is not attractive because there is a cheap day fare which is cheaper"—Yes.

1146. Are there areas wholly outside like London where the season tickets are attractive?—Yes.

1147. (*President*): Are you thinking of Manchester?—No, I am thinking of Scotland, Sir; there has been a very big increase in season-ticket revenue in Scotland.

(*President*): The mention of Scotland always interests me, because the one person whom we have never been able to attract to these inquiries in the last ten years is someone from Scotland, either complaining or congratulating the Commission. They have boycotted Passenger Charges Inquiries from the outset, and they have very nearly boycotted the Freight Charges Inquiries, but not quite. It is an interesting phenomenon.

(*Mr. Goff*): I do not know what the explanation of that may be, I am sure.

(*President*): They are a logical people, it is sometimes said!

(*Mr. Goff*): I am not quite sure I appreciate the significance of that, Sir.

(*President*): It does not mean that other people are not logical as well.

1148. (*Mr. Goff*): Wholly outside London—that is, people who are not travelling into London—it appears you do sometimes have to make the actual season-ticket rate below the maximum, although it is charged at the maximum elsewhere?—Yes.

1149. People who are within the London Area are always charged at the maximum, are they?—Within the London Area, yes, they are.

1150. Are the people coming into London from outside, the normal sort of people who come up from the coast and that kind of thing, always charged at the maximum?—No.

1151. At the bottom of the first column on page 31 you will see: "(*Mr. Phillips*): Before you go to that, Mr. Dickson, can you give us the yield from the 20 per cent. increase in season tickets, assuming the maximum charges were applied? (A) Yes, Sir. The yield outside London from an increase of 20 per cent. is approximately £1.0m." The 20 per cent. there is the headroom 20 per cent., is it not?—Yes.

1152. So that yield of £1m. is something which there is no present intention to raise at all?—No.

1153. So it is really just a notional figure?—A notional figure, yes, of the order of £1m.

1154. But quite apart from the question of whether it is accurate or not, there is no present intention to do anything which would produce it, in fact?—No.

1155. It has been suggested that season-ticket passengers are expensive passengers to convey. Do you subscribe to that view?—Yes, I do.

1156. Why do you say that?—Because they all travel at the same time, unfortunately.

1157. Is it because that involves extra rolling-stock to carry them which is not used at other times?—That is one of the reasons. It involves extra signalling, extra line accommodation, possibly a general increase in, not necessarily rolling-stock, although that is one of the essential elements, but other very big items like bridges—

1158. When you speak of signalling, tracks and bridges, they do not keep on requiring them, do they? That has been provided?—But if you are running to your present line capacity at its fullest stretch and you are still wanting to deal with more trains, you have got to do something about doubling the lines or increasing the signalling equipment to get more trains over the lines, and that is a very expensive thing.

1159. Do you say you are finding it necessary to do that?—In some cases, yes. We are lengthening platforms to take longer trains, but the difficulty is to take the extra trains.

1160. That is because you are getting more customers, is it?—Oh, yes.

1161. Is not holiday traffic a comparable situation?—Not entirely, no. Of course it is a peak traffic, but the holidaymaker at the peak period—which, so far as we are concerned, you can say is July and August—is paying the full fare, not paying a reduced fare unless they travel mid-week.

1162. Perhaps you would repeat that last answer, because I am afraid I did not hear it.—I was saying that the holidaymakers who travel at the peak of the holiday period—which is July and August—are, by and large, travelling at the full fare.

1163. I just want to get this clear: Are there no concessionary holiday rates except at off-peak times?—Oh, no, there are some.

1164. Then some of the holidaymakers are travelling at peak times and getting concessions?—No. I thought you were referring to other things. We have things like roundabout tickets over an area, we have things like rail rovers, and things like that, where you get a cheap fare in a holiday period—not on the main lines, but covering the areas.

1165. The people who want to go on a straight journey either to a nearby resort in Kent or Sussex, or want to go to the West Country, if they travel at peak times they pay the full fare, do they?—At peak periods, yes.

1166. But they do get discounts of some order if they travel out of the peak periods?—Yes.

1167. What are the out-of-peak periods in the holiday rush time? Is it a matter of some particular part of the week?—Yes.

1168. What part of the week?—You have to travel on the Tuesday, I think it is, and come back before the Friday of the next week or the following week. It is to avoid week-end travel. You get a concession if you do not travel at the week-ends.

1169. Is there heavy travel in July and August in the mid-week period?—It is growing.

1170. And you regard that as a profitable traffic?—In the sense that it avoids running duplicate or relief trains at the week-end, it is a thing to be encouraged from our point of view.

1171. Do the people who travel mid-week cause any kind of difficulty such as you have expressed with regard to the season-ticket personnel? That is to say, do they require extra stock, or lines, or anything like that?—Oh, no. The whole idea of the mid-week concession is to fill the trains in the off-peak—the off-peak being the mid-week as opposed to the week-end in the summer-time.

1172. If you got too many people going mid-week, would it become, from your point of view, undesirable?—It may well.

1173. (*President*): And then you put up the fares?—Yes.

1174. (*Mr. Goff*): But there are, in addition, cheaper fares for people to travel around on those rover tickets?—Yes.

1175. Are they tickets under which you can go anywhere you like?—Yes. I think there are certain restrictions. I have in mind that there are two now in Scotland, one where you can put down a lump sum and get free

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[Continued]

travel over the whole of Scotland, including the steamers, for a week. Then I think there is another one with which you can do the same thing for a fortnight. There may be certain trains on which you cannot travel. For instance, you may not be able to travel in a Pullman, but the idea is when you are a holidaymaker you buy one of these things and go wherever you like.

1176. They can travel on the main lines as well as the branch lines?—I do not think so; there are certain restrictions.

1177. Do you know?—I am afraid I do not know without going into the details.

1178. Perhaps that could be ascertained?—Certainly.

1179. They, of course, are not restricted to mid-week, are they? They can travel at the week-ends and peak periods?—They can travel any day of the week; they are available for a week.

1180. Including Saturdays?—Yes.

1181. Do you regard them as uneconomic passengers or expensive passengers?—No; we regard that as helping to increase our revenue. We are giving them a facility which has been used.

1182. The season-ticket facility is being used, is it not? I did not say it was not.

1183. Do you not regard it in the same way as these rovers? Do you not regard them as people who increase your revenue?—I regard the season tickets as much more valuable to us.

1184. Much more valuable?—Yes.

1185. It is a guaranteed source of income, is it not?—I would not say it is guaranteed.

1186. Is it not? If a person takes out a season ticket, he has paid you for a definite period, whereas if he does not he may, or may not, travel on the railway?—Yes.

1187. So in that sense it is a guaranteed source of income?—It is guaranteed in the short term, but he may not travel on the season ticket at all.

1188. If he does not travel on it, that would be so much the better for you?—No.

1189. Why not?—Because we lose revenue.

1190. Not when he has paid for his season ticket?—I am sorry, I think we are at cross-purposes. I thought the point you were making was that if the season ticket were too high the chap would not travel.

1191. No. The point I was putting to you was that you had this advantage in the season ticket, that it is a guaranteed source of income, because a person has paid for a week, or a month, or a quarter, and you are bound to get that whether or not he, in fact, travels?—Yes.

1192. Whereas if he does not take a season ticket, he may travel and he may not?—That is so.

1193. And that is a definite advantage?—Yes.

1194. In case of illness does he get a rebate on his season ticket?—Yes, I think he does.

1195. But he has to be ill and not use it for a certain length of time?—Yes.

1196. Do you know how long it is?—I rather think it is 14 days, but I will make quite sure.

1197. (President): This is main line, is it?—This is in the conditions, Sir. It is 14 days.

1198. (Mr. Goff): If he fails to use his season ticket because he is away for business purposes or private purposes of any kind, then, I suppose, he does not get a rebate?—No.

1199. It is only on account of illness?—And holidays.

1200. He can get a rebate for holidays?—Yes.

1201. Is that for 14 days?—No, 28.

1202. You have said that season-ticket travellers are comparable with, and more valuable than, people with rovers, and you have said the objection to them is that they all want to travel together, unfortunately. Looking at both sides of the picture, the disadvantage of having this class of passenger who wants to travel together and the advantage of the guaranteed income, would you not say, on the whole, that it is not right to say that season-ticket travellers are uneconomic passengers?—No, they are uneconomic.

1203. If you had no season tickets, you would probably still get much of the congestion with the people who want to travel together, would you not? Is it not a little unfair to say that that is an objection to the season-ticket holder? It is an objection to the fact that most people have to go to business in London at or about the same time?—That is so, yes.

1204. You would still get most of that congestion even if there were no such things as season tickets, would you not?—I have never thought of abolishing season tickets.

(President): I have!

1205. (Mr. Goff): I am not going to pursue that further. I merely wanted to cover this suggestion that they were a bad thing, because I thought it had been suggested that you would like to get rid of them altogether. I know it has been suggested and I read it somewhere, but, anyway, that is not your view?—It is not our view, by no means.

1206. The London County Council are putting forward to the Transport Executive a system of charging by half-miles, and we say that that should be applied to season tickets, and we would say that it should be applied to season tickets on British Railways as well. Do you see any objection in principle to charging by half-miles instead of miles?—Yes, I do.

1207. What is the objection you see to that?—Well, there are two objections. One is that there must be a loss of revenue to us; and the second is the question of administration. Having all these numbers of season tickets at the stations would create quite a bit of a situation and make it very much more costly at the booking offices.

1208. Taking the second first, I do not quite follow why it would make administration more difficult. It would only mean that the charge for a season ticket would be different, would it not?—Yes, and you would have to keep season tickets for these various charges, and your accommodation for tickets, and so on, would be inadequate.

1209. The season ticket does not have the price printed on it, does it? It is written on when the season ticket is issued. If I may look at my own season ticket, it has: "Rate" blank, and then somebody writes in the inordinate sum of money which I have to pay. I do not see the difficulty.—I do not think that applies to all types of ticket.

(President): You seem to have got a very special kind of ticket, Mr. Goff. You had better put it away; it may be cancelled!

1210. (Mr. Goff): But certainly with regard to season tickets on trains coming into London, that is the procedure which is adopted, is it not, namely to have a blank season ticket and to fill in the appropriate rate?—I think I must get the details; I really cannot tell you.

1211. (Mr. MacLaren has one of my strange types of seasons.—Is the price written on?

(Mr. Fay): Has anybody a weekly season?

1212. (Mr. Goff) (To the Witness): Are you suggesting that each station has season tickets with the rate printed on them?—I think there is a difference between some of the tickets; I think the weeklies are rather different from the monthlies, but I will get the information for you. I do not carry it in my head.

1213. I am obliged. What you are saying is that if the rate is printed on the ticket, you would have to print more tickets because there would be more stations having different rates?—I think there would be difficulties of that type, yes.

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[Continued]

1214. But that is not likely to be much of a difficulty, I suggest, having regard to the fact that many of the season tickets have the rate left in blank?—I do not think it would be so great a difficulty as you might get on London Transport, and I think on this question of the half-miles Mr. Harbour, who is giving the evidence for London Lines, will be better able to deal with the question than I am.

1215. Yes; I shall certainly question him about that.—He is dealing with London Lines.

(Mr. Fay): As my learned friend is going into details on this, I respectfully suggest that Mr. Dickson's assistant might be near at hand, so as to avoid delays in giving him information.

(Mr. Goff): Yes; I have no objection to that at all.

(President): Mr. MacKenna at one Inquiry rather unkindly referred to an assistant as the long-stop.

(Mr. Fay): Yes, and he has been called the three-quarter line.

1216. (The Witness): I think I can now answer the question: My information is that the only tickets which have the rate printed on them are weekly season tickets between places where the issue is very heavy.

1217. (Mr. Goff): I am much obliged. I suppose that would be mainly in the London area, would it not, so that outside London from the administrative point of view, this proposition would not create any difficulty at all?—It would not be so great.

1218. It would not be great at all, would it?—Well, there are weekly tickets outside London.

1219. But you said that the only season tickets which had the rate printed on them were the tickets between places where the issue is very heavy; are there places outside London which come within that category?—There may well be, yes.

1220. Do you think a fairer way of charging your season ticket rates would be to charge by half-miles?—No, I do not think so.

1221. When you charge by the mile, of course, the person taking the ticket is in fact paying for a journey which he does not do, or for some small part of the journey; and when you are multiplying that over many journeys, do you not think it is rather unfair?—I do not.

1222. Do you think it would help at all in meeting the difficulty that you felt in regard to places outside London where, because of competition, the National Scale is too high? That is your answer at the top of page 30 in the second column, when you were asked the question: "I suppose you endeavour to provide either a season ticket facility or a cheap day facility in accordance with your competition?" and you will observe that your answer was: "Yes, but as long as the season ticket is on a National Scale, obviously there are cases where the scale is too high"—Yes.

1223. If you were charging for half-miles only, which is an alleviating consideration, would that help to meet that difficulty—

(President): But they can meet it now, Mr. Goff.

(Mr. Goff): If you please, Sir; I will not proceed any further on that.

(President): They can make their price what they like, as long as it is not above the figure in the scale.

(Mr. Goff): Yes, Sir; it was only a suggested point in favour of it, which I think perhaps you have answered. I will not pursue that any further.

(President): I do not think we must approach the season ticket charges on the footing that someone wants to penalise the season ticket passengers; we must approach them on the theory that more money has to be paid by

somebody, and there is not a great number of classes of persons from whom more money can be extracted. It would hardly assist the season ticket passengers if we increased the maximum ordinary fare from 3d. to 4d., would it?

(Mr. Goff): That in itself would not help, Sir, but it might have a reflection on what one did with the season tickets.

(President): One could hardly regard putting the maximum up to 4d. as reducing the burden on the season ticket holders; we are not here to award prizes or to inflict penalties. Once it is agreed that X million pounds ought to be paid by the passengers, I am afraid it is a question of: Who are the passengers who ought to pay it?

(Mr. Goff): Yes, Sir, and what is a fair and reasonable way of raising that sum.

(President): Yes.

1234. (Mr. Goff): Yes, Sir, I entirely accept that. (To the Witness): I have been asked to raise a question or two about one or two fares which seem to be anomalous; they are in the London area, so perhaps you may not wish to deal with them, but leave it to Mr. Harbour. However, I will mention what they are. The first is from St. John's, Lewisham, to Blackheath, a distance of 1 mile 33 chains, which is charged at 6d. single, which is the authorised 3d. a mile, but which is in excess of the 2½d. a mile which is in fact being charged.—I would not know about that.

(Mr. Fay): Are you complaining of that, Mr. Goff?

1235. (Mr. Goff): I am suggesting that it should be 5d., because the rate in fact charged is 2½d., although the maximum is 3d. (To the Witness): But you say you would not know anything about that?—No.

1236. Similarly, you would not know anything about Waterloo to Vauxhall?—No.

(Mr. Fay): I think it is a fact, is it not, that on one-mile and two-mile stages in the London area the single fare would be at 3d. a mile by virtue of assimilation.

(Mr. Goff): No, because assimilation is only on day returns, not on single fares.

(Mr. Fay): That is one aspect of it. Mr. Harbour will be able to deal with that, but it would be surprising if British Railways were charging less for single fares than London Transport, and that is London Transport.

1237. (Mr. Goff): Very well; I will put it to Mr. Harbour. (To the Witness): Is Liverpool Street to Maryland anything that concerns you?—No.

1238. Or Liverpool Street to Forest Gate?—No. Could we have the actual point raised, so that you can get an answer?

1239. I am not complaining that you do not answer, but I want to put it to you if you are the proper person; if not, I will put it to Mr. Harbour.—It is a question of the mileage?

1240. Discrepancies in fares. From Liverpool St. to Maryland the chargeable mileage is 5, and under the scale at 2d. a mile the actual fare was 10d.; then when the scale fare became 2½d., the actual fare would go up to 1s. 1d., but in fact it went up to 1s. 2d. There are other cases of that description, but you would not know anything about them?—No.

1241. There is a similar sort of question from Liverpool St. to Forest Gate.—Yes; that is for Mr. Harbour.

1242. Then from Waterloo to Earlsfield; that is London Lines. From Liverpool St. to Seven Kings; from Liverpool St. to Goodmayes; from Waterloo to Surbiton; from Liverpool St. to Romford, and Liverpool St. to Gidea Park—those are all London Lines?—Yes.

1243. And there is from Liverpool St. to Greenford; you say they are all London Lines?—Yes.

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[Continued]

Cross examined by MR. NOAKES

1244. You may or may not know that I represent the Corporations of Brighton, Eastbourne and Hastings, and as such I am rather the mouthpiece of a large number of season ticket holders from those towns, who largely travel from those towns to London on their daily avocations.—Yes.

1245. I do not want to ask you the questions that Mr. Goff has asked you on this point—I can adopt them—but I do want to ask you about one or two other matters. When you said you subscribed to the view that season ticket passengers are expensive to carry, did you mean that that was because you get less per passenger per mile from them?—Not necessarily. They are expensive to carry, as I have said, because they all want to go at the same time and therefore we have to increase our plant and rolling stock to deal with them. That is plant and rolling stock which cannot be fully utilised in the off-peak period.

1246. But you are not saying that they are uneconomic to carry—

(President): Well, that is always a difficult adjective, is it not, Mr. Noakes?

1247. (Mr. Noakes) (To the Witness): But you did say that you do not want to get rid of them?—No, I do not want to get rid of them.

1248. Because with regard to one of the emphases on the season ticket passenger, you have in fact conducted an extensive advertising campaign for some years, have you not, to induce people to go to the various coast towns and to travel up and down daily to London?—We used to; I am not sure that we advertise that now.

1249.—Yes; I was going to ask you about that. Your slogan very largely was: Cheap fares; fast trains; frequent services, but recently you have ceased that advertising—

(Mr. Fay): Could we have dates with regard to this?

(Mr. Noakes): I am asking the Witness; it is when the posters came down.

(Mr. Fay): But is this before the war?

1250. (Mr. Noakes): No, within the last few years. (To the Witness): When you opened the new modern Kent Line, there was a fairly extensive campaign of advertising, and also when you opened the new electric line to Clacton and Frinton. That has now largely been dropped, has it not?—I do not know.

1251. Although you have given the reasons why a season-ticket holder is expensive to carry, in fact your trains are very fully loaded with the season-ticket holders, are they not?—Very fully loaded, yes.

1252. And they bring in that additional amount of revenue?—Oh, yes.

1253. And is it not right that in the case of a great many of the trains, they go back to the coast fairly well loaded as well?—No, not in the same proportion. Some of them do, but not all; there is a good deal of idle stock waiting to go back at night with the returning season ticket holders.

1254. Yes, but taking the towns I represent, there is, even in the winter time, a great deal of traffic going down, say, to Lewes, Eastbourne and Brighton?—Yes, there is a better balance on the Brighton Line than on many others.

1255. Perhaps you have not had to go down to Lewes Assizes on the 8.45 at Victoria, seeing the train disgorge its masses at 8.45, and then you get in yourself into a train which is comfortably full, but not over-full?—No.

1256. One of the greatest attractions of the season ticket perhaps is that the passenger pays a cheaper rate than he would if he paid for a lot of ordinary fares?—Yes.

1257. And you think it is probable that only by reason of the cheapness—because of that—many people go and live in Brighton, Eastbourne and Hastings?—That is not for me to say.

1258. Is that not an attraction?—I should have thought that those towns had other attractions, apart altogether from the cheapness of the fare.

1259. No doubt they do, but is it your experience that when fares go up there is usually a reduction in traffic?—Usually, yes.

1260. And have you found any reduction in season ticket journeys in the last few months of last year?—I have not up-to-date information as to that, but my general information is that in spite of these increases the season ticket revenue has gone up—the number of passengers has gone up—from Eastbourne and Hastings.

1261. But would you not agree that it is quite likely that if there are further increases there will be some people who for that reason will say: "I will not do this journey any more"?—Yes, I can understand that.

1262. And although you say that you are not proposing at the moment to put the season tickets up again, of course a great many people have heard that one of these days that may happen?—Anything may go up.

1263. But by your very Application, you will be able to do so?—We want the headroom.

1264. And do you not think that that may well cause a number of people for various reasons to come in from those more distant towns and move nearer London?—Not yet, I would say.

1265. No, because having been attracted partly by other attractions but to some extent possibly by your cheap fares, they are there and they cannot move at once?—Yes, but the season ticket holder from places like Eastbourne and Brighton have great advantages over a season ticket holder who lives inland; he is generally at the place where the train starts; he gets a comfortable corner seat; he can read his paper for one hour or one and a half hours without any household chores or worries.

1266. But have you ever arrived for one of these trains going in either direction five minutes before the train leaves?—I have indeed.

1267. Did you get a comfortable corner seat?—No, but the wise man arrives a little earlier.

1268. But if they all arrive a little earlier—very well; perhaps I will not pursue that.—He gets a better chance of getting a seat than a man, say, at Haywards Heath.

(President): Do not let us discuss Haywards Heath, Mr. Dickson!

1269. (Mr. Noakes): But for various reasons may you not lose up to 10 per cent. of your season ticket holders?—I would not put it as high as that.

1270. But you may have some—it may be a few in our case—who will say: "I really can't pay this any more; I'm going to move inland". Then take another class of person, and tell me whether you think this is a reasonable supposition. Take the younger man who is still living at home with his parents, travelling up and down from the coast, who decides that he will live in London, perhaps going up on his scooter on Monday and coming back again on Friday night, also on his scooter. If you have a few of those here and a few there, they would soon reach your 10 per cent., would they not?—I would not accept the 10 per cent., and in my own interest I would like to encourage people to live long distances and come up every day.

1271. Why is it the fact that you have greater increases on the season ticket rates outside London than are suggested for London Lines?—The reason why the outer season ticket rates have gone up more than the inner ones in recent years is because we think the fare we have there is too low.

1272. But if one looks at the Application—this is Application No. 5—I see that the Fifth Schedule gives the British Railways maximum second class season ticket rates, other than London Lines?—Yes.

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[Continued]

1273. And if I take 51 miles, which is the equivalent of Brighton, the season ticket proposed is £3 1s. 0d. for a week, £11 1s. 0d. for a month, and £29 17s. 0d. for a quarter?—That is the headroom scheme, yes.

1274. The corresponding figures on London Lines are: £2 16s. 0d., £10 2s. 0d. and £27 6s. 0d.?—Yes.

1275. It is a lower maximum?—Yes, that is what I was saying just now. The outside London maximum for which we are asking is 20 per cent. above the Main Lines, whereas London Lines is 10 per cent. above the Main Lines.

1276. Is that not just doing the opposite of attracting people towards living away from London?—This is a headroom scheme; that is the maximum charge.

1277. But again it is a possibility that at any moment, if this Application is granted, the increases may be inflicted on the passengers?—It may be, but I say again that I do not want to discourage our long-distance season ticket holders.

1278. But is that not the best way of doing it?—How do you know that I am going to do it?

1279. But if the Tribunal grants the increase, from that very moment there it is hanging over the heads of the season ticket holders?—To that extent they know what the worst might be, if I may put it that way.

1280. And the worst usually happens, does it not?—No, I would not say so; we have to have in mind commercial considerations when we increase our fares.

1281. I just want to deal with one or two suggestions of a minor nature from the point of view of persons living in the towns I represent and using season tickets. In answer to Mr. Goff you said that the people from the Coast are not always charged the maximum?—That is so.

1282. You mean at the present day?—Yes.

1283. But that is an answer which in a sense is true only in a very limited way, is it not?—No.

1284. Can I get, to any of the towns I represent, a season ticket below the maximum for one month?—No, not for one month.

1285. That is what I mean; it is only if you take out a three-monthly season ticket?—That is so.

1286. Then there is the type of ticket which is commonly known as a "Red Line" ticket?—Yes, I know what you mean.

1287. That merely permits you to go from Hastings to a station in London—it is not used for any other purpose—and you make a concession on this type of ticket?—That is below the scale.

1288. You have very kindly prepared some tables; may I ask if the Tribunal has had them?

(President): No. Are you going to use them, Mr. Noakes?

(Mr. Noakes): I would like to comment on them.

(Mr. Fay): We were disinclined to put these in as Exhibits, Sir; it involves extra Central Charges by way of printing. We have copies of them if the Tribunal would be assisted.

(President): Let us see how much detail Mr. Noakes wants before we decide whether they should go in.

(Mr. Noakes): I am sorry we did not make this quite clear. We did not want every variation of season ticket, which Mr. Dickson has kindly handed us; it would have been sufficient to have had from Victoria to Brighton and from Victoria to Hastings and Eastbourne—

(President): Then you have got more than you wanted; that is known as drowning the cat in cream.

(Mr. Fay): That indeed was not the idea, Sir; we have in fact not given my friend nearly as much as we could have given him.

(Mr. Noakes): The learned President warned me when I mentioned it at the previous hearing that I should not ask for too much, and I did not, but—

(Mr. Fay): We could have doubled the tables, by giving the first-class.

1289. (Mr. Noakes) (To the Witness): For the purposes of the note, you have given me the approximate numbers of season ticket holders to start with?—Yes.

1290. And looking at your copy, the figure for Brighton as at the 31st May, 1958, is 2,650?—Yes.

1291. And as at the 31st January, 1961, it is 2,850?—Yes.

1292. With regard to Eastbourne, the comparable figures for the two dates are 515 and 610?—Yes.

1293. Then perhaps it would be convenient to bracket the next four together, namely Hastings, St. Leonard's, Bexhill West and Bexhill Central, because we consider them all as Hastings. There was a total of 410 in January, 1961, the figures not being available for 1958?—Yes.

1294. I think that is possibly all I want from that. Now perhaps we could take the commonest possible form or travel, from Brighton to Victoria via Hassocks; that is at the top of page 3 of this document?—Yes, I have that one.

1295. Perhaps we may take only the three-monthly rates; I am concerned with the actual charge. One can find the scales from the various Applications; in 1952 it was £16 17s. 6d.?—Yes.

1296. In 1953 it went up to £17 3s. 0d.?—Yes.

1297. In 1955 it went up to £17 9s. 9d.?—Yes.

1298. In 1957 it went up to £18 14s. 0d.?—Yes.

1299. On the 1st November, 1959, it went up to £21 18s. 0d.?—Actual charge, yes.

1300. Yes; I dare say we can find the scale rates from the various Applications. On the 8th May, 1960, it went up to the maximum authorised, £24 17s. 0d.?—Yes.

1301. And the proposed rate is £29 17s. 0d.?—Under the headroom scheme, yes.

1302. I will only take one other from the table you have given me; that is Hastings. That is your last one, which is the shortest route from Hastings, 63 miles, to Charing Cross, Cannon Street, and Waterloo (E) via Battle. In 1952 the actual charge was £19 14s. 3d. for three months?—Yes.

1303. In 1953 it was £19 19s. 9d.?—Yes.

1304. In 1955 it was £20 6s. 6d.?—Yes.

1305. In 1957 it was £21 10s. 9d.?—Yes.

1306. On the 1st November, 1959, it was £25 3s. 0d.?—Yes.

1307. On the 8th May, 1960, the actual charge and maximum permissible was £28 10s. 0d.?—Yes.

1308. The proposed scale rate is £34 6s. 0d.?—Yes.

1309. If one takes a Red Line season ticket from Brighton to Victoria, the present charge as from the 8th May, 1960, for three months is £25 3s. 0d.?—Yes.

1310. Again, as far as Hastings is concerned, is it £27 6s. 0d.?—Yes.

1311. Those are the two Red Line figures; I shall not bother you with any further figures.—Actually I make that £27 17s. 0d.; it is from Hastings to Charing Cross, Cannon Street, Waterloo East, London Bridge, Blackfriars, Holborn Viaduct and Victoria.

1312. Thank you very much; I was reading the Eastbourne statistics.

(President): What is the chargeable distance from Hastings to Charing Cross?—For the non-intermediates there is not really a chargeable distance, Sir.

1313. But I want to know what it is. Forgetting for the moment the existence of Red Line tickets, I want to know the chargeable distance for an ordinary season from Hastings to Charing Cross.

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[Continued]

(Mr. Fay): It is 63 miles, Sir.

(The Witness): Yes; via Battle it is 63 miles.

1314. (Mr. Noakes): (To the Witness): That is £28 10s. 0d. via Battle now?—Yes.

1315. That is the comparable charge. Are you aware that on the Eastern Region in the case of a season ticket to Clacton and Frinton, there is a similar return system at a slightly reduced rate, even in the case of monthly tickets?—That is so.

1316. Is there any reason why they could not be introduced, or reintroduced, on the Southern Region lines to

the Coast to assist persons of comparatively limited capital resources?—That is entirely up to the Regional Management.

1317. But you have no control over it; is that what you are saying?—No; that is their job.

1318. And you know of no reason which renders that difficult?—I would not know; I have not thought about it.

(President): Does anybody else want to ask Mr. Dickson any questions?

Cross-examined by Mr. MACLAREN

1319. I just want to know if I understand your answer on page 30 about the yield; it is at the bottom of the second column in reply to the learned President. I can put it to you very shortly: Do I understand that what you were saying was that the yield of the season tickets—the scheme for increases—was £400,000 if fully applied?—No. What we were saying there was that if the draft Scheme for which we were applying there had been applied, it would have been £552,000.

1320. But it was modified?—Yes, and the figure from the modified scheme is £400,000.

1321. But when you say you are realising £220,000, is that a full year's yield from the same scheme?—

(President): Oh, no; the earlier figure is in respect of the 1959 Scheme.

1322. (Mr. MacLaren): I am sorry; that is Stage 1.—The main increases are £220,000.

1323. I am sorry; I was confused. There is just one other matter: Are you able to give approximate figures for the season ticket traffic outside London, distinguishing

that which travels into London and that which is wholly outside?—No, we have not got that.

1324. And you could not give me just some general notion of it?—Yes, I think I can. It runs in my mind that the estimate of British Railways total season ticket revenue which involves London, if I may put it that way—that is London Lines and into London—is about 70 per cent. of the total.

1325. (President): But we have not had the 1960 total yet?—No, Sir. That is just an approximation; I do not think the actual figures are available at all.

1326. (Mr. MacLaren): You say it is 70 per cent. of the total; is that including the traffic within the London area?—Yes.

1327. In other words, it is 70 per cent. of British Railways as a whole?—Yes, which involves London. That includes London Lines and outside London into London, but it is an approximation. The other bit of information I can give you, if it helps you, is that of the total of the British Railways season ticket revenue for the year 1959, 64 per cent. was London Lines and 36 per cent. was outside London. That "outside London" figure, of course, includes into London.

Re-examined by Mr. FAY

1328. You were asked about the expense of conveying passengers in the peak hour; I suppose that applies whether they are season ticket holders or any other kind of passengers who travel in those hours?—Yes.

1329. And you mentioned the amount of capital which had to be invested in extra equipment of one kind or another?—Yes.

1330. Do you also have to employ a large number of staff at that time?—Yes.

1331. How long is the peak period roughly, morning and evening?—I should say that an hour and a half at each end would cover it.

1332. And for that hour and a half at each end, do you have to have extra staff?—Yes.

1333. And, of course, they are on a full-time basis?—Yes.

1334. Does that add to the expense of carrying those passengers?—Yes. Unfortunately we have no split turns to cover that sort of thing.

1335. You have to have two staffs, one in the morning and one in the evening, who are very busy for that hour and a half and less busy for the rest of the time; is that the position?—Yes.

(Mr. Phillips): It is not the peak that is expensive; it is the trough between the peaks. If the peak extended to 12 hours, then this Application would probably never have been made.

1336. (Mr. Fay): Yes, I think that is so, Sir. (To the Witness): My learned friend Mr. Noakes put to you figures for season ticket travellers which have been obtained by you for his benefit; I think you have a document there showing numbers, have you not?—Yes.

1337. The numbers of travellers are shown, I think, in the document supplied to Mr. Noakes, as at the 31st January of this year?—Yes.

1338. How are the numbers of season ticket travellers who are in possession of season tickets at any one time, ascertained?—They are obtained by a check at the stations.

1339. It is a test of some kind?—Yes; they take a count at the stations.

1340. That was the actual number of persons who were in possession of season tickets at that particular time?—Yes; I cannot say whether they were quarterly or monthly.

1341. (President): What you were counting was the numbers of people with season tickets going on to the trains through the barrier?—Yes, Sir.

1342. You were not counting those who had not come that day, so it is a minimum?—Yes, Sir.

1343. What day of the week was it?—I really do not know.

(President): I am told it was a Tuesday.

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[Continued]

1344. (Mr. Fay): (To the Witness): Have you in some cases been able to provide comparable figures obtained in the same way, from a date in 1958?—Yes.

1345. What date was that?—The 31st May.

1346. Was a similar count taken at some of the stations for which we have figures?—Yes, and a similar count was made in 1956 for some of them.

1347. At the moment I think I can limit myself to the comparison between 1958 and 1961. Looking at your Exhibit AD 1, one sees that after the 31st May, 1958, there was an increase in season ticket rates on the 1st November, 1959; it was the first one?—Yes.

1348. And then there was another increase, which was Stage 1 of this Application?—Yes.

1349. So that between the 31st May, 1958, and the 31st January, 1961, there were two increases in season ticket rates?—Yes.

1350. They were of the proportions which are shown in your Exhibit AD 1. Against that background of increase, I want to ask you about the increase in the number of travellers; I think you told my learned friend that the number of season ticket holders from Brighton last January numbered 2,850?—Yes.

1351. What did they number in May, 1958?—2,650.

1352. So there has been an increase of 200 there?—Yes.

1353. That is just under 10 per cent. What were the figures for Eastbourne?—610 in 1961, and 515 in 1958.

1354. That is an increase of 95 on 515; that is a bigger increase proportionately, is it not?—Yes.

1355. It is nearly 20 per cent. Then you have similar figures for Hove?—Yes.

1356. What are those figures?—In January 1961 there were 750 from Hove, and in May 1958 the figure was 725.

1357. So that is an increase of 25. Have you also the figures for Portslade and Southwick?—Yes.

1358. That is going along the same line through Hove to the west?—Yes. Portslade in 1961 was 661, and in 1958 it was 545.

1359. So that is an increase of 116, again of the order of 20 per cent.?—Yes.

1360. What are the figures for Southwick?—In 1961 there were 127, and in 1958, 100.

1361. So that is an increase of 27 per cent.; I can work that one out for myself.—Yes.

1362. Do you find that in fact, whatever the fears expressed at these Inquiries, the increases which have had to be made in season ticket rates have discouraged people from moving to coastal towns?—I do not think our experience to date has been that.

1363. Do you know whether building is still going on on housing estates on the South Coast despite the announcement of this Inquiry?—Indeed it is.

(Mr. Fay): That has occupied the morning very satisfactorily, Sir: Mr. Harbour will no doubt come back refreshed by his visit to the territory of the Objectors, to answer questions this afternoon.

(President): Very well; we will adjourn now.

(The Witness withdrew)

(Adjourned for a short time)

(Mr. Fay): Mr. Harbour has now returned from his visit to the enemy's territory, Sir, without being able to settle the matter, so I will recall him for cross-examination.

(President): Lest I should forget in the scurry of the journey, may I say now that we cannot sit until 12 o'clock tomorrow because we have to hear another urgent matter; it is nothing to do with fares, Mr. Goff!

(Mr. Goff): I am obliged to you, Sir, for letting us know.

(President): Subject to anyone asking us not to sit continuously in the future, we shall go on; but we should be willing to listen to any suggestion for a gap, so that people may assemble their thoughts.

(Mr. Goff): If you please, Sir.

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[Continued]

MR. BRIAN HUGO HARBOUR, re-called

Cross-examined by MR. GOFF

1364. Mr. Harbour, I trust you have been well received on your visit to our territory?—I was indeed; it was a privilege to go there and to be given the honour of opening the Exhibition which the Council has put on.

1365. May I refer you first to your Exhibit BH 20 which appears on Page 47 of the Third Day, and will you look at lines 5 and 11. On line 5 you get the "Net variation—planned service reductions and lost mileage"; that is for the roads, and in line 11 you get the same thing for the railways: "Net variation—planned service reduction and lost mileage". Then there are the figures which appear in those two lines, 5 and 11; they are composite figures, are they not, which show both the planned service reductions and the lost mileage?—That is so.

1366. I have tried to see how that figure is broken down in 1960. On Page 33, if you look at the top of the second column at about the middle of the answer, there is a sentence which begins: "But even allowing for the improvement", and so on?—Yes, I have that.

1367. This is what you say: "But even allowing for the improvement in wages and conditions of service which was introduced on the 26th October last, the facts are that in the year 1960 the loss of scheduled mileage due to these causes amounted to 25.8m. miles, whereas in 1959 we only lost 9.2m. miles. That is a difference of 16.6m. miles", and so on. What you were discussing there, when you said "these causes" was lack of staff. You say: "That is a difference of 16.6m., and if we add 1.4m. miles which could be attributed to further planned as distinct from unplanned cuts represented by lost mileage, planned reductions in service, we get this figure of 18m. miles shown in line 5". So the planned reduction in 1960 was 1.4m. miles?—That is true, and that represents a continuation of measures we took the previous year.

1368. But that 1.4m. miles was entirely planned reduction; it was nothing to do with lost mileage?—No.

1369. In the same column, column 2 on Page 33, a little below the middle of the page, about two-thirds of the way down, you say: "In Item No. 11 a reduction of 2.9m. miles is shown, and that is due to the carrying through into 1960 of a full year's effect of the planned service reductions we made in 1959"?—Yes.

1370. Then you were asked: "What about lost mileage in 1960?", and you say: "There was some lost mileage on the railways. It is nothing like the previous year, but that is included in this 2.9m. miles". Could you say how much was planned service reduction out of the 2.9m. miles? You say that there was some lost mileage, but you do not break that one down?—No. I think I can help you if you will just give me a minute to look at my figures. Of the 2.9m. miles quoted in column 6 of Exhibit BH 20 at line 11, 2.5m. miles represents planned mileage or planned service reduction.

1371. Then when one comes to 1960 or the future year, if you turn over to Page 34 in the middle of the page, you will see the question: "Under Item No. 5 the increase of 1.5m. miles referred to there mainly relates to the Central road services system, which comprises our red buses and our trolley buses, on which we have had, particularly in 1960, a quite serious staff problem. Now that there is an improvement in our staff position we do look for a reduction in lost mileage, and we have also reduced our scheduled mileage as from the 18th January, 1961, on certain of our routes in order to improve their regularity". Then you say: "With the staff situation as it is, we are looking forward to a gradual improvement in 1961 in quality and in the regularity of the bus services in London". I cannot gather from that how much of the 1.5m. miles would be planned reduction and how much would be lost mileage?—No, the separation is not made there. The planned reduction in mileage that is referred to in my answer is quite a small amount; it is limited to 13 of our garages. The improvement of 1.5m. miles in line 6, column 7, is mainly a reduction in lost scheduled mileage.

1372. You said "line 6"; we were referring to line 5, were we not?—Yes; I am sorry.

1373. So the improvement of 1.5m. miles there is mainly lost mileage: you do not have much planned reduction for the future year?—No, and may I just add that such planned reductions in scheduled mileage as are included in the 1.5m. miles there are quite small and we shall, if our staff position improves, put those planned reductions back.

1374. Then were they planned reductions in order to meet staff shortages, or planned reductions to improve the service?—They were both. They were actuated by the staff shortage, and we should never have thought about them but for the staff shortage; but we made them in order to improve the service by regularising the service. If you have a staff shortage and the demand for staff by your schedules is greater than the staff which is available, unless you plan your mileage it leads you to irregular operation.

1375. Do you only have planned reduction when you have staff shortage, or do you have planned reduction to improve the regularity of the service and to meet the changing conditions?—We would be prepared, of course, should the circumstances warrant it, to reduce the mileage in order to secure both objectives. If in the circumstances I have just described a reduction in mileage will lead to an improvement in the quality of the service—will improve the regularity of the service—we should do that. These reductions to which we are referring now are small in amount; they were effective in the beginning of this year and they only affected thirteen garages. With the improvement of our staff position, I am hoping that I shall be able to restore these reductions as soon as possible.

1376. Do you speak for the policy as to planned reduction on the railways, or only on the roads?—I speak for both.

1377. As for the railways, just to complete this item, a little later, in the second column of Page 34, almost exactly in the middle of the page, you will see: "(Q) That is the loss-maker to which I referred yesterday? (A) That is so. I have referred to an increase of 1.4m. miles in 1961 due to those two causes. That is offset by a reduction in lost mileage in 1961, which we hope will be effective, of 0.6m. miles, giving a net figure of 0.8m. miles in line 11". I am not sure that that gives me the answer I am seeking; I was wondering if it appeared from there how much of the 0.8m. miles in line 11 for a future year was related to lost mileage and how much to planned reductions. Are you able to assist me with that?—Yes; I am anxious to assist you, Mr. Goff, if you will just give me a moment. I think the lost mileage element there—there is 1.4m. miles mentioned, and a final figure of 0.8m. miles—is 0.6m. miles. There would be a reduction in lost mileage in 1961, and that reduction in lost mileage, I will add straight away, is due to the fact that in the year 1960 we had a one day railway strike in February and there was some lost mileage gained in July, 1960, when we had some labour difficulties with our power house staffs.

1378. I am not quite sure how these pluses and minuses work. When you say in the future year in BH 20, in line 11, minus 0.8m. miles, that means that there will be less planned service reductions and less lost mileage, does it?—Yes, and they operate in contrary ways.

1379. So that would be cutting down the lost mileage and the planned reductions—

1380. (President): As compared with 1960?—Yes.

(President): I think if one really wants to follow line 11 through, Mr. Goff—that is the rail services—you have to begin really at the bottom of the first column of Page 34.

1381. (Mr. Goff): Yes; I am obliged. (To the Witness): If one looks at the bottom of the first column on Page 34, at the last question, you will see: "(Q) Then there are some other small variations, and the total is the figure you have given, the net figure of a 400,000 increase

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[Continued]

in the year. On the railways one sees a large increase for new and improved services and a decrease of 0.8m. miles for planned service reductions and lost mileage".

(Mr. Fay): The significance of the plus and minus signs are given at the top of the column of BH 20; "minus" means less miles; it is 800,000 less owing to planned service reductions and lost mileage.

1382. (Mr. Goff): Then I had it right originally, and I am getting it wrong now. (To the Witness): If you have a minus in that column, it means that you are going to run less miles, and you are going to do that because you have a planned service reduction?—Yes, that is so. I am a little confused myself here; the 800,000 reduced miles in line 11 is made up of 1.4m. miles less than in the previous year due to planned service reductions, offset to the extent of 60,000 miles as a consequence of the working in 1960 of miles that were not worked in the previous year, due to labour difficulties.

1383.—So you had a planned reduction of 1.4m. miles, but you reduced it only by 0.8m. miles because you had reduced lost mileage; is that right?—Yes.

1384. So you had a substantial planned reduction on the railways for the future year?—Yes, a very small proportion of our total mileage, of course.

1385. Is that 1.4m. miles something which you hope to continue, to increase or to decrease? On the roads you said that if you had the staff, you hoped to get rid of planned service reductions; on the railways does the same consideration apply?—No. Planned reductions on the railways were not dictated by labour shortages but by other reasons, mainly economy in operation.

1386. Planned reductions increase receipts in relation to expenditure, do they not?—They normally increase net revenue; I accept that as a sort of generalisation. The amount of the increase in net revenue may be small, and there are circumstances where planned service reductions are found, after they have gone into operation, to have a very adverse effect on the amount of the gross receipts.

1387. But that would be exceptional, would it?—No. Our experience has been varied, but on balance a planned service reduction, provided it meets the traffic requirements, will enhance the net revenue.

1388. In preparing your tables of figures, do you allow for any advantage which might be derived from planned service reductions; have you allowed for that in your budgeting?—In the case of the year 1961, where I have put before the Tribunal an estimate of passenger traffic receipts for the year, amounting in total to £86.9m., I have not included anything for planned service reductions.

1389. To which Tables are you referring?—I am sorry; I cannot just put my finger on the spot where I was talking about the 1961 budget.

1390. (President): Surely it is BH 28, column 14?—I think I start at the bottom of Page 35, the second column, on the 1961 figures, and then I go on to Page 36.

(Mr. Fay): It appears on Page 78, the last printed page.

1391. (Mr. Goff): I think we have it; it is BH 31, Day Four, Page 78?—Yes.

1392. You say that in that figure you had not allowed for any increase owing to planned reductions?—That is so. The estimate—the budget of traffic receipts—for the year 1961 has been compiled in very difficult circumstances, and my approach to it has been somewhat broader than usual. I have not included the item that you have just referred to; neither have I included anything in respect of a general downward trend in traffic due to the effect of increased private motoring or the greater attractiveness of television or of economic circumstances.

1393. The greater attraction of television is not likely to have any more effect than it has had in the past, is it?—I certainly think it has. The television habit has spread considerably already and I think it will spread still further; it does have a most adverse effect upon our traffic in the evening.

1394. Do you think that your £86,900 in Exhibit BH 31 is an estimate on the low side?—No, I think to the contrary. I think it is taking rather an optimistic view concerning the trends of those fundamental factors that do affect the volume of our traffic. I certainly do not think it is a conservative estimate.

1395. In budgeting would you not tend to draw a conservative budget which you think you would reach?—No. The purposes of our budget is to reach a realistic assessment of the situation. As I think has been explained to the Tribunal before, we use our budgets, not for the purpose of stimulating the people in our organisation to reach given levels; we use the budget as a realistic assessment of the financial situation into which we are gradually moving. I do not subscribe to the view that budgets should be deliberately framed on conservative bases, and of course I agree with you that there should be no over-statement.

1396. Certainly; you do not work on the principle of erring on the side of understatement, but you try to get it as nearly exactly right as judgment and foresight can do so?—We do; we do it realistically as we can. As things turned out, that is a position which we achieved in 1960.

1397. I was going to ask you about the comparisons for a year or two: in 1958 the actual was £1.0m. up on the budget, was it not? I know you have given certain explanations, which I will not discuss with you, but that is the fact, is it not? I am referring to 1958; on Page 37, in the middle of the first column, you were asked: "Will you explain to the Tribunal what has happened to the receipts of British Railways London Lines since those receipts were last before the Tribunal? I think the 1958 figures were in your Exhibit BH 15, which is on Page 26 of the First Day of the last Inquiry". You said: "Yes. The budget estimate for the year 1958 reproduced in BH 15 was £27,942,000, and if I may call that £27.9m. for the purposes of the reconciliation I should be obliged. That is for the year 1958. In tracing the developments which have taken place since, I make these following adjustments: One must add the additional revenue in 1958 (that is British Railways, London Lines) during the seven weeks' bus strike to which I referred this morning. That bus strike lasted from the 5th May to the 20th June, and our estimate of the value of the transferred traffic is £0.9m. That accounts for the major part of the difference between the budgeted receipts for 1958 of £27.9m. and the actual receipts for 1958 of £28.9m."—Yes.

1398. So it is a fact that the actual for 1958 exceeded the budget by £1.0m.?—That is true. When you first put your question, I thought you were referring to London Transport, but it is British Railways, London Lines. The actual receipts for 1958 were £28.9m., and the budget estimate was £27.9m., which is a difference of £1.0m. I can attribute the whole of that to the additional revenue coming to British Railways, London Lines in that year owing to the bus strike.

1399. I want to ask you about that. Is that simply *ex post facto* reasoning?—We were £1m. up, and that must be the explanation of it"—or did anybody at the time calculate the improvement on the railways as being the result of the strike on the buses?—It is an examination after the event, of course; no-one knew that the strike was coming along. The examination took place in the latter part of 1958 and we saw the way in which railway traffics had benefited as a consequence of the bus strike; they benefited quite considerably.

1400. May it be that part at least of the difference was not due to the bus strike but to the fact that you had under-estimated?—I do not think that is the case. I went into this personally very carefully and I think in attributing this £0.9m. to the effect of the bus strike on London Lines, I have put forward a proper estimate.

1401. Then let us look at 1959; if you look at Table AE 1—

(Mr. Fay): We are back on London Transport, are we?

1402. (Mr. Goff): Yes; this is London Transport now?—Yes.

1403. There again, you had an actual which was £1.0m. up on the budget, did you not?—Mr. Goff, in Table AE 1,

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[Continued]

I think we are comparing the actual position for 1959 with the budget for 1959.

(Mr. Goff): Yes, exactly.

(Mr. Fay): £0.9m. of that is the increase in fares.

1404. (Mr. Goff) (To the Witness): And if you look at Table AE 2, you account for £0.9m. of that by the increase in fares?—Yes.

1405. If you look at your evidence on Page 35 in the first column, five or six questions from the bottom, you will see: "The budget for 1959 budgeted for receipts of £78.3m., did it not?"—and that is the figure in Table AE 1?—Yes.

1406. You answered: "It did, and that is the figure that was produced at the last Inquiry". Then you say that the fares were increased both in August and in November, and then you are asked: "With the yields which we see in your Exhibit of £0.4m. and £0.5m. respectively?", and you answer: "In total £0.9m., yes". It is probably entirely my fault, but although I can find the £0.9m., I have not been able to see the £0.4m. and the £0.5m. which make it up.—If I may say so, Mr. Fay was examining me then on my Exhibit BH 21 where they are shown.

1407. Yes, I am obliged. So that the figures of £0.4m. and £0.5m. in BH 21 make up the £0.9m. in AE 2?—Yes.

1408. Were the £0.4m. and the £0.5m. calculated, estimated or just assumed to bridge the gap?—What I have attempted to do here is to explain two figures—the differences between two figures. I start off on BH 21 with the original budget for 1959 of £78.3m., and I finish with the actual receipts for 1959 of £79.3m. In order to trace the differences and to reconcile them—and this reconciliation was not done for the purposes of BH 21, but was done at the end of 1959—one estimates the values attaching to the changes which have influenced one's traffic and the figures I have attributed to the increases in fares in August and November are calculated figures in the sense that they were taken from the estimates which were submitted to this Tribunal; and the £0.9m.—the combined figure—is part of the £3.9m. net yield from those two fares increases on an annual basis.

1409. So that is a figure calculated from the estimates of increases, and not merely a figure arrived at because it is the difference?—That is so.

1410. On Page 35 at the top of the page, there is the same sort of question; Mr. Fay agreed that the fine summer was becoming a fading memory, and you said: "I am afraid it is; it has been followed in 1960 by an extremely wet one. Then there was an influenza epidemic, and we had mileage fluctuations which had an effect on our revenue, as shown here. The receipts for 1959, £79.3m., can be reconciled with the estimated actual receipts for 1960 of £81.6m. in the way I have indicated here: £3m. additional revenue represents the yield in 1960 of the fares increases introduced in August and November"—and then there was a question as to whether it was "further" or not, and it was, because you got part of it in 1959. How is that £3.0m. arrived at; is it calculated from budget figures, mathematically, or what?—It was calculated in the same way as the £0.9m. What I have done here in BH 21 is to allocate the estimated net yield from the fares increases of August and November, 1959, which in total were expected to produce £3.9m. between the two years and proportionately, having regard to the trend of the traffic and the normal seasonal variations, £0.9m. of the £3.9m. falls in 1959 and £3.0m. falls in 1960, and I have used those figures in this reconciliation here.

1411. So that you have calculated, or estimated, the expected total receipts, and you have apportioned it between 1959 and 1960?—Yes, and this is not a theoretical calculation entirely, because I do derive some comfort from the fact that the actual receipts for the year 1960 correspond so closely with our budgets for that year, in which this apportionment that we have been talking about was effected.

1412. If you look at Exhibit BH 28, you have British Railways, London Lines in the second column; the total year's receipts at charges applying before 15th January,

1961, are £32,895,000—that is at the foot of column 2. Mr. Evershed said that that was £31.0m. plus £1.9m. from increases under the first Order. That is the first stage; is that right?—£1.9m. was the estimated yield on British Railways, London Lines from the increases under the first stage, which indicates that for British Railways, London Lines, they were induced in two parts.

1413. Was that £1.9m. again a calculated figure?—Yes; it was derived on exactly the same basis. It is my estimate of the net yield from the fares increases.

1414. A little way below the middle of the first column on Page 34, at the end of the long question there—the answer begins a little above the middle of the first column, and this is the last sentence of the long answer—you will see: "If our staff position permitted it, if the improvements that do take place in a future year are greater than we expect, then we shall run more mileage than is shown here, within the limits, of course, of the mileage necessary to meet traffic demands". There you are dealing with the road services of London Transport Executive?—Yes, and in particular our Central Road Services.

1415. Yes, and you told me this afternoon, I think, that you hoped, so far as roads were concerned, to cut down or get rid of planned reductions?—To get rid of those planned reductions that were introduced on the 18th January, those that were introduced as a result of staff shortages.

1416. From tendencies which you can see, do you think that improvements in staff will enable you to run more mileage?—You are asking me to look into a very difficult future position. It is a fact that the increases in wages and improvements in Conditions of Service which we granted in October last have led to an improvement in our staff position, and on our road services—that is the Central Road Services and the country buses and coaches taken together—we have 930 additional drivers and conductors than we had up to that time; that represents a complete reversal of the trend, because up to October we were losing staff weekly.

1417. (President): Not 800, Mr. Harbour?—No, Sir; since I quoted the figure of 800 there has been a further improvement. At the present moment we can envisage a continuing improvement, but it is already becoming clear that the rate of improvement will slow down, and there is evidence, as perhaps one would expect, that other industries are making somewhat similar adjustments to their wages and are, as it were, catching up on London Transport.

1418. (Mr. Goff): But it has in fact considerably improved since you gave your evidence in chief, has it not?—Yes.

1419. And that was on the 25th January, about three weeks or a month ago?—Yes. In the last three weeks it has improved to the extent of the 130 that has just been referred to.

1420. Then is the future too difficult to look into; can you not look forward with confidence to a continuation of the improved staff position?—We cannot look forward with confidence, but we do look forward to some improvement.

1421. And an increase in mileage by reason of an improved staff situation will increase revenue without any increase in fares, will it not?—If you work more mileage it is a reasonable assumption that you will gain more receipts; on the other hand it is more than a reasonable assumption—it is a certainty—that one's expenses will increase too, and as the deficiencies of our services on the roads are mainly felt in the peak hours, I hold the view that if we are able to break even between additional expenses and additional receipts we shall be fortunate, and it may well be that the expenditure involved will exceed the receipts.

1422. So the object there is merely to improve the service and not to increase the net revenue?—The object is to improve the quality of the service, to reduce the delays which people have to suffer when irregular services are worked, and in particular when mileage is lost, as we

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[Continued]

so call it. The effect of lost mileage on the quality of the service is very bad; in fact in terms of public inconvenience, if not of hardship, it is very great.

1423. So the short answer to my question is what I have already said, namely that the object is to improve the service rather than to increase the net revenue?—Yes.

1424. Now I want to clear up one small matter. You were dealing with your proposal to take half an hour off the early morning and half an hour late at night from the Underground, and I think there was some other proposal that went with it; you will find it at Page 33 in the first column; it is the third question in the first column on Page 33, when you referred to this proposal to close the Aldwych Tube and to shorten the traffic day by half an hour in the early morning and half an hour late at night. What you said was: "Those proposals were the subject of prolonged discussion with the Transport Users' Consultative Committee for London, and also with other bodies representing the public in various capacities, including the London County Council", and then you said that everyone was against it. That is not quite an accurate statement of the position of the London County Council, is it?—It is to the best of my memory and belief.

1425. So far as the Aldwych proposal is concerned, the London County Council expressed a doubt as to the wisdom of it and asked the Committee to refer it back for further consideration, did they not?—I must take it from you if you say so. I do not remember, I would have to check.

1426. And after the proposals had been rejected did not the British Transport Executive ask the London County Council to obtain information and collate the objections, and they obtained the information and passed it on to you as a collection of information, expressly stating that it did not represent the London County Council's views, or did not necessarily express their views?—I believe that is so.

1427. That is so, is it not?—Yes.

1428. So there was no opposition to it by the London County Council at all, they merely, at your request, collected the information as to the people who had objected?—Mr. Goff, I am sorry if I have given you the wrong impression here in what I said before. It was not my intention to give any wrong impression, I was relying on my memory. But what I did say here was that these proposals were the subject of prolonged discussions with the Consultative Committee and other bodies representing the public in various capacities, including the London County Council, and I do remember we had discussions with them. Mr. Fay then asked me, "Were they for it or against it?" and when he said were "they" for it or against it I assumed he was referring to all the bodies we were discussing the proposition with at that time.

1428a. I am sure, Mr. Harbour, you were not intending to create any false impression, please understand that. I was not for one moment suggesting that you were, I merely wanted to clear it up, because I am suggesting that in the result it might give a false impression because you specifically mention there that you discussed it with various bodies including the London County Council and then you say everybody was against it. You did not, in fact, have any direct discussions with the London County Council until after the half-an-hour project had been rejected—or do you not remember?—I do not remember, Mr. Goff. I wonder if I could take the liberty of accepting what you say.

1429. I am quite content, because I do not think it has any direct bearing; but I did not want the position of the London County Council to be misunderstood.—I am sorry I gave a wrong impression.

1430. (President): Are the reports of the London Consultative Committee printed?—No, sir, they are not; they are type written.

1431. They are circulated?—Yes.

(President): If there is any point in it we had better look and see what they say in their report.

(Mr. Goff): I do not think there is any point. I just wanted the position to be clear.

(President): I quite understand, Mr. Goff; your clients do not like being described as having been against a proposal when they do not think they said they were against it.

(Mr. Goff): That is all. I do not intend to take up any further time.

(President): Mr. Harbour says he will take it from you that they never expressed themselves as against the Aldwych change.

1432. (Mr. Goff): I am satisfied, Sir. (To the Witness): I now want to come to another matter. The London County Council advocate charging by half-miles and single stages for season ticket rates at ordinary fares—which, of course, would include days returns on the London Lines, because under the Fourth Schedule to the Scheme they are geared to the ordinary fares of the British Transport Executive roads and railways, are they not?—Yes; that is the principle of assimilation.

1433. Would you agree, in principle, that that is a fairer way of dealing with charges, to have a half-mile charge and a single stage instead of going two stages at a time and a mile at a time?—No, not as a general principle.

1434. Why not?—I hold the view that both for ordinary fares and season tickets one mile staging is a sufficient refinement of the charging scale. I hold that view in principle. I also hold the view for practical reasons. Half-mile charging, in my submission, is impracticable so far as bus services are concerned if the half-mile charging is extended beyond 2 or 3 individual fares. So far as our railways are concerned, half-mile charging, while perhaps not impracticable, would lead to very considerable difficulties in the ticket offices, in the speed of operation of our ticket offices, and slow down our traffics. It is for those reasons that I cannot accept the suggestion that half-mile staging is desirable.

1435. Let us take the first and divorce it from the second. Your two reasons are that as to buses it is impracticable and as to the railways, though not impracticable, it is undesirable because of administrative difficulties, summarising it shortly. But your first point was that you said you thought the mile or the single stage was a sufficient refinement. I want to consider it for the moment simply on the first objection, and I will deal with the second later. Why is it sufficient to stop there? Is it not more fair to put in the half stage and then the person who goes a little way over the stage or the mile will only pay for a lesser amount of travel that he is not going to enjoy? What is the objection from the point of view of refinement?—One has to look at these things in a practical way, and looking at this purely as a matter of principle, whether it is sufficiently fine or not, I think the objection to half-miles is that in a system of transport such as ours in London the mile graduation is quite adequate, and I really see no need at all to reduce the mile staging throughout the fares' scale as you are suggesting.

1436. You have yourself introduced it, first of all at a mile-and-a-half and now you want to carry it further to two-and-a-half miles. Why is that?—In order to avoid the imposition of too large a jump in the fares' scale and to avoid losses of revenue which would otherwise have been produced on the one hand, or alternatively it might produce too much revenue. We have introduced those two half-mile stages—at least there is one there now and another one is proposed—in order to avoid the imposition of too great an increase in the fares on very short distance traffic.

1437. You said to prevent too great a jump. Where is that going to be? If you take the Second Schedule, 2 miles is now 6d., is it not, and 3 miles is 7d.—Yes.

(President): You mean it is now, not what the Commission are asking for?

1438. (Mr. Goff): No, is now.—3 miles is now 8d.

1439. It was increased to 8d. on the second stage.—Yes, the 15th January.

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[Continued]

1440. That is shown in BH 22. As things stand now the 2 mile fare is 6d. and the 3 mile is 8d.; there is no 2½ miles.—Not now.

1441. 2½ appears in this table, but that is because it is the same as 3.—Yes.

1442. The proposal is that the 2 miles should remain at 6d. and the 3 miles should be moved up to 9d. What you are suggesting is that you interpolate 2½ miles to prevent getting a 3d. increase.—Yes, that was one of the main purposes of putting in the half-mile stage. We have a half-mile stage at 1½ miles today. If that were not there the scale would have run 3d. for 1 mile, 6d. for 2 miles, 8d. for 3 miles, and if under stage 3 we had not put in a 2½ mile provision, we should have had to jump in the scale from 6d. to 9d.

1443. Except at 15 and 16 miles under your proposals there will, in fact, be an interval of 2d. at each stage, will there not, after 3 miles?—I think that is right up to 15 miles.

1444. Then it will be a convenient and easy graduation to make it 1d. jumps instead of 2d. jumps by interpolating halves. There is room to do it; you are not going to get into difficulties with ½d.—No, there would be no ½d. difficulties. It would have an effect on the revenue yield, of course.

1445. Certainly; I shall have to discuss that with you. Do you agree that increasing your fares does, in fact, have an adverse effect upon your goodwill and leads to loss of custom?—No, sir, on the contrary. I know in the estimates which I have put forward here they are based on past experience that when an increase in fares takes place there are some people who are not satisfied and we lose their custom; but I do regard an increase in fares as sound policy for this reason: Unless London Transport and British Railways London Lines are able to attract labour by paying the proper rates of pay, unless they are able to staff their undertakings, unless they are able to keep their transport undertakings in as modern a state as they can—and all these things cost money and, therefore, increase the fares—then the quality of the service offered to the public will deteriorate and ultimately the undertaking will run down—

1446. No doubt.—And we should lose far more passengers, if I may say this, many, many more passengers, than are contemplated in BH 26.

1447. When you say you lose far more passengers, that is if you cannot pay proper wages and the undertaking runs down?—Yes.

1448. But provided the fares are increased sufficiently to give a reasonable return so as to enable you to pay proper wages and pay the other things you need to keep your undertaking up, then you would not suffer that loss, would you?—We have made our submission to the Tribunal as to the amount of money that is required to keep our undertaking fully staffed and in good working order and modern.

1449. I will ask you about that later. So long as you have whatever the Tribunal decides is sufficient, then you would not suffer the type of loss you were just indicating? Or do you say you would suffer that loss unless you can get the whole of what you are asking for, that you cannot cut down on that at all? Is that what you say?—No. May I put it in this way: From my point of view—and this is the Executive's view—the fares' increases that we have asked for here and the yield that we are estimating from them are required in order to put our undertaking on a proper footing in order that the working expenses may be met, in order that they may be maintained at an efficient level and in order that there may be a margin available for future contingencies, which we think an undertaking with receipts of £87m. should have.

1450. Later we will discuss the size of the margin which you should have, but let us now get back to the question of the effect of increasing fares upon custom. I know you say you may lose custom in another way by the undertaking running down, but it is your experience, is it not, that increasing fares does, in fact, lead to dissatisfaction and loss of custom?—Yes, in a very minor way.

1451. You allow for it by quite a substantial discount in your tables, do you not?—I do not think there is a substantial discount there.

1452. Would you take BH 28, appendix "B". I am not sure how we stand on this. This was one of the documents supplied to us as a result of our request for information.

(President): Can you deal with it in the same way as we dealt with Mr. Noakes, that if you are going to ask a lot of questions about it we had better put it in as a County Council Exhibit, but if you are only going to ask a few questions it will appear sufficiently clearly on the note.

(Mr. Goff): I will start by asking questions off it and then if it seems later on that it ought to be put in, we will put it in.

(President): You understand why we are anxious to reduce the quantity of printed matter.

1453. (Mr. Goff): Indeed, yes. In the tables which I shall be putting in quite a lot of this information has been included and I think, therefore, it will be unnecessary to put this table in. But should the Tribunal think later on that it ought to have been put in, then we will put it in. (To the Witness): Have you appendix "B" to BH 28?—This is amongst the papers that the Executive sent to you?

1454. Yes, after the first part of this Hearing. Appendix "B" is dealing with the estimated annual revenue at charges temporarily authorised by the Tribunal's order of the 14th April, 1960, based upon budget forecast for the year 1961, and estimated annual increases in revenue from (a) charges temporarily authorised by the Tribunal's order dated the 21st November, 1960 and operative from the 15th January, 1961; and (b) further increases proposed in the Application under section 79 dated the 5th December, 1960; that is the second and the third stages. Columns 9, 10 and 11 are dealing with the third stage, are they not?—Yes.

1455. Does column 9 show a total of ordinary fares gross yield of over £1m.—£1,043,000?—Yes.

1456. And a discounted yield of £586,000, just about half?—Yes.

1457. Is that not a very substantial discount?—It does not imply, as I thought you were suggesting to me earlier, a very substantial reduction in passengers.

1458. The discount is, of course, the loss, not merely of yield, but the loss on the total number of customers.—On the total number of customers. It wants to be judged in relation to a total receipts, before the increases were applied, of nearly £18m.

1459. I think you give a maximum of 5 per cent. loss of passengers assumed. In some cases it is 2½ per cent., in others 1 per cent., and in some cases 1 to 5 per cent.—Yes.

1460. That is the sort of order?—That is the sort of discount I have given. 2 per cent. over-all, you will notice.

1461. If you introduced a modified increase by having the half-mile staging, would that not tend to lessen that loss of custom by softening the blow?—I do not think so in any substantial way.

1462. Do you not think quite a lot of people who might want to run a little bit over the fare stage might say, if you get a half-mile stage, "That is all right; it is only 1d., I will not bother about that", but if it is 2d. on to the next stage they will say, "It is not worth 2d.; I am only going round the corner, I will get off here"—There is always that risk, Mr. Goff; but I do not think many people do pay attention to that sort of thing. I think pennies are very small change these days. If I did not think so I would have been inclined to increase these losses.

1463. That is a different element of the discount, is it not; that is what you call cut-back?—Yes. That second element we have just referred to applies only to our road services.

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[Continued]

1464. It would tend to lessen the loss by cut-back if you introduced the intermediate staging?—Yes, I think I must agree with you there. It would tend to lessen it, but by how much I do not know. But I do know this, that the half-mile charging system would lead to a reduction in these yields.

1465. Yes it would, that I am prepared to accept and I am going to discuss the figures of that with you presently. But you would agree with me that half-mile staging would tend to reduce the loss by cut-back?—It would slightly reduce it.

1466. Quite appreciably, would it not?—No, I do not agree with you.

1467. Do you not agree that a lot of people, if they do not want to go over the stage just round the corner—

(President): You are talking about road services now.

1468. (Mr. Goff): Yes. (To the Witness): If it is 2d. they would say "I won't pay 2d. to go round the corner".—I do not think so; but I agree with you to the extent that I think there would be some.

1469. Reverting to the question of loss of custom, do you not think it would also tend to minimise that if while you are increasing you do not increase simply by 2d. a mile but by 1d. a half-mile and then 2d. a mile and so lessen the impact of the increase?—Well, Mr. Goff, it might marginally; but I have allowed very small discounts in my figures and the numbers of passengers involved are very small indeed. Half-mile charging might lessen the blow, but I think it would unduly complicate the system.

1470. Do you say that a 5 per cent. loss, which you take in some cases, is very small indeed?—At a particular fare, yes. The whole thing averages out to 2 per cent., which I do not regard as a significant loss of traffic.

1471. Then your next objection, apart from the effect on revenue, is that it is going to create practical difficulties, and I think you said as to roads it would be impracticable.—I went as far as that, Mr. Goff, in the case of our road services.

1472. I am glad you say you "went as far as that". It was going a very long way?—It is the fact, in my view.

1473. Is it? What is impracticable about it when you have got a 2d. interval? Unless we are dealing with it on the question that it would not produce enough money, what is impracticable about having a scale which includes half-miles?—Our road services have at the present time fare stages spaced at half-mile stages and there are two stages for each mile graduation in the fares' scale. Our conductors collect the fares, and I might add in brackets that in the peak hours, particularly in the inner Central area, they do so under very difficult conditions. It certainly takes a conductor all his time to get round that bus between two fare stages. Strictly he ought to get round each half-mile fare stage, but it certainly takes him longer under heavy conditions to get round his bus and collect all his fares while the bus is travelling from the beginning of the mile to the end of the mile. Now, I am not claiming that our bus conductors are expert mathematicians, but they are, by and large, very good at the collection of fares, and I am going to suggest to you, Mr. Goff, that you should accept it from me—and I have had experience of this—that our conductors are already in difficulties, particularly during the peak hours, in getting round their buses within the mile graduations of the fare scale and collecting their fares, let alone collecting them properly. If I may just go on, the conductors method—the method he is taught, anyway—of collecting fares is to try and retain in his mind as he goes past each fare stage the range of fares that are available from that point onwards. Now the conductor, I assert, has enough fare points to remember, enough variations in his fares today, without having the quite considerable addition of fare points and fare changes that half-mile staging would involve if it were applied throughout the scale, as has been suggested. I think it is asking too much of a conductor, and London Transport would not be willing to impose it on him.

1474. Let me see how this works. You say the mile is divided into two stages. So anybody may board the

bus or leave it at the half-mile stage, may they not?—Yes, or intermediately.

1475. And he would be charged, would he not, from the place where he gets on. So it would not increase the complexity of the calculation that he has got to be made, would it, because the conductor will have to see how far people have travelled from the intermediate staging.—I think it will. But if I may just cite from this. I have taken here on this sheet of paper a purely theoretical route with fare stages and fares spaced out on the normal mile and half-mile basis.

1476. Has anybody seen this other than you at the moment?—Within my organisation, yes.

1477. Nobody on the other side?—No, that is perfectly true; but I wanted to make this point, and I am using this table in order to aid my memory. Over a 10 mile route you would, on our present basis, have in operation something like 190 fares. If you want single stage charging the number would be increased by 56 fare stages; that is 56 additional fares interpolated in the table.

1478. May I see that?—Yes, you may. (Document handed to learned Counsel.)

(Mr. Goff): With your permission, Sir, I will defer further cross-examination on that until it has been considered by those who are advising me.

(President): Certainly. May I just ask this: Was this question of half-mile charging discussed at the 1950 Inquiry?

(Mr. Fay): It was discussed, Sir, at the 1953 or 1954 Inquiry.

(President): In my time?

(Mr. Fay): In your time. There was a time when you, by your decision, put down the requirement and we had a resumed session which was largely devoted to this question of half-mile fares, if I recollect rightly. I remember Mr. Valentine giving evidence about it and I will have it looked up.

(Mr. Goff): We have certainly always advocated it.

(President): The London County Council have always put it forward in some form or another. Sometimes you put it forward in the shape of an alteration of the fraction, which comes to very much the same thing but not quite. However, Mr. Goff, do not bother yourself with it at the moment, go on to some other topic.

(Mr. Fay): If you would like the reference, there is your Judgment of the 9th July, 1954, on the question and it was discussed shortly before that. On the 10th June, 1954, the Tribunal decided that the Executive had pitched their requirements too high and announced that the scheme was to be modified to limit the additional revenue to a lesser sum, and then there was a resumed Inquiry.

(President): When was the resumption?

(Mr. Fay): The resumption was, I think, on the 5th July, 1954. My recollection tells me it was in a small room in Church House.

1479. (Mr. Goff): I will consider that in more detail later on. (To the Witness): There was one question I was going to ask you. I do not know whether you can tell me offhand, but how many additional fares do you import into the table of your imaginary bus route by putting in the 2½ mile stage? Can you tell me that, with or without reference to your diagram?—To the best of my belief—and I have not got the document in front of me—it will be 16.

1480. I would like to know that at this stage. (Document handed to the witness).—Yes, it is 16, Mr. Goff.

1481. One other general question before I pass to another topic and reserve the rest of it: You have actually put it in at 1½ and you propose to put it in at 2½.—Yes.

1482. Those would be short fares where you are likely to get the most congestion and the most work for the conductor?—That is true; they are fares extensively used.

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[Continued]

1483. So you have already done it or proposed to do it in the case of fares extensively used where you get the greatest pressure on the conductor?—Yes, oh those two fares, which are heavily used.

1484. More heavily used than half-mile stages would be anywhere else, would you say?

(President): If we are still talking about buses, it would be.

1485. (The Witness): Yes, the bulk of the traffic is down at the end of this Table.

1486. (Mr. Goff): For the railways you said it was not perhaps impracticable, but it would lead to considerable difficulties in speed of operation in the ticket offices and would slow down the traffic?—Yes.

1487. Why should that be so?—I forget the exact proportion, but a considerable proportion of the traffic using the Underground Railway stations obtains its tickets through ticket machines, and to the extent the ticket machines are not available they use the booking offices. Well, if there is a multiplicity of ticket machines to select from, if there is a multiplicity of points to which the booking clerk can issue separate tickets, I think it must lead to a slower rate of bookings than if the fares and destination stations are on a mileage basis.

1488. There would be no difficulty, I suppose, about having more ticket machines?—Oh, yes, there would, a very practical difficulty in the sense that we have not at our Underground stations unlimited space; indeed the space available is extremely limited at many of the main ones. One has only got to think what would happen at Oxford Circus if there were double the number of machines that there are today.

1489. The slowing down by having more tickets to be issued by machines would not be a very serious factor, would it?—It would. I think it would be a serious factor in that it would delay the public getting on the trains. I cited just now Oxford Circus. I know that a good proportion of the traffic travelling in the peak hours on our railways, certainly on British Railways, is travelling with season-tickets, but they all have to funnel through the booking offices and there is a good proportion that have to obtain tickets. Now the conditions at Oxford Circus in the peak hours today are really extremely bad; people are queuing in the open right down Argyll Street for one hundred yards or more in order to gain access to that station between 5.30 and 6 p.m. I do not think that one could contemplate any measure which would delay the passage of passengers from the street level, or even queuing up in the street, to the platform.

1490. Will not the introduction of the two-and-a-half miles increase the queue, or cause delay?—It is the view of the railways, and we have so laid them out, that they are mainly dealing with the medium distance travellers, something over five miles, and the long distance travellers over ten miles. The amount of short distance traffic on the Underground, and on London Lines for that matter, is small.

1491. Do you not show in your Tables a large yield from this two-and-a-half mile stage?—I do, yes.

1492. If you take Appendix B to BH 28, that is dealing with ordinary day and evening returns on the electric railways, is it not?—Yes, on the Underground.

1493. There we have "year's receipts at charges operative prior to 15th January, 1961", column 2, and we have got at two-and-a-half miles £1,277,437, and at three miles £851,624. That is a split in the estimated increase by raising the fare, is it not, because there would not be any two-and-a-half miles prior to the 15th January, 1961?—Yes.

1494. Then you get annual increase from fares operative from the 15th January, 1961, and you split that at £179,000 at two-and-a-half miles and £119,000 at three miles. Then under the new scheme you get gross estimated increase for three miles only?—Yes, because the two-and-a-half mile fare will remain unaltered.

1495. But there is not a two-and-a-half mile fare at the moment, is there?—No, there is not strictly; but for

the journeys today between two and two-and-a-half miles in length the charge is 8d. If the further increases now being sought were applied, the charge for such a journey would still remain at 8d., but from two-and-a-half to three miles it would go up to 9d.

1496. This shows, does it not, that you get many more people travelling the half-mile between two and two-and-a-half than are travelling the three miles?—Yes, that is so. The combined traffic is £2,128,000 and £1,277,000 travel the shorter distance.

1497. About sixty per cent the shorter distance and forty per cent the longer?—Yes.

1498. So that you have introduced the half stage there over a stage where the majority of the people are going the short distance?—That is so.

1499. That was a thing which you could not only contemplate, but you have actually proposed?—Yes, this is one fare.

1500. If the problem is as you are suggesting, would that not have a serious consequence, or would you say it would not?—I do not follow.

1501. You said the congestion is so great already that you could not increase it by introducing these half-stages, it would involve more tickets and more machines, etc. Would you not increase it by introducing the half-stage here?—You would slightly; but the proposition that was put to me, as I understood it, was that half-mile stages should be extended right the way throughout the scale.

1502. Yes, it is.—And instead of only two groups of passengers being subjected to some additional delay by the half-mile staging, a larger number would be, and I have suggested that this would delay our traffic.

1503. What I am putting to you is that you have not felt any difficulty about doing it at this stage, although this does involve a very large number of passengers. Is this not a fair statement?—That is fair. We have not experienced any significant difficulty at all.

1504. You cannot have experienced it yet as far as 2½ miles is concerned, because you have not done it.—But we have done it for 1½.

1504a. And you have experienced no appreciable difficulty?—No material difficulty, and I do not expect we shall experience a material difficulty, if the further half-mile stage were applied as we propose.

1505. Would it be right to say you would not experience any further material difficulty if you introduced the half-mile stages for several more miles without going through the range?—In my view, it would not be right to say that.

1506. You think 3½ miles is very different from 2½ miles? 2½ can be introduced without any trouble, but 3½ would cause trouble; is this right?—I am not following you again.

1507. I want to see how far we can go. You introduced it at 1½ miles, and this did not, in actual experience, cause any trouble?—No serious trouble.

1508. It has caused so little serious trouble that you not only contemplate but advocate introducing it for 2½ miles?—That is right.

1509. So you do not think there will be any serious trouble if you do it at 2½?—No.

1510. Do you think there will be a dramatic change and that there will be serious trouble if you do it at 3½?—One more? I do not think it would constitute a major difficulty on our railways.

1511. How many straws are required to break this camel's back?—The proposition that was put to me just now was that the half-mile charging should go right the way up the scale, and that would certainly break the camel's back, in my judgement.

1512. Of course, you have experience of not getting all you have asked for, have you not? I just wanted to see how far we could get if we did not get all we asked

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[Continued]

for. Do you say this is a problem which is going to manifest itself immediately and that 2½ is all right, but 3½ would be the last straw?—No, I did not say that. I was inclined to agree with you that 3½ as another one of these half-mile stages would be acceptable on our railways.

1513. With regard to the buses, I have reserved what I am going to say about those until we have studied your documents—I must say this, that we have gone to great pains and attached considerable importance to another principle which bears directly on this problem, and that is the principle of assimilation of road and rail fares, and the fares we apply on our railways today are also to be applied on our buses.

1514. What you are saying is that if it be right that you cannot do it on the buses, that would at least be an argument for not doing it on the railways?—One of them.

1515. Just think of the railways by themselves for a moment. You have gone with me so far as to say that one more of these would not break this camel's back; that is right, is it not?—Yes; I could not say it would cause disaster with one more.

1516. Would it be fair to say that you could introduce half-mile staging over quite a few miles without creating any serious problem?—No, Mr. Goff. We are talking about serious trouble of a physical kind now, the handling of our traffic. I would not be prepared to go that far.

1517. We are actually going to put in a scale worked up to 11 miles, and I shall be showing it to your presently. Would you say that one could introduce it up to 11 miles without any physical difficulty?—No.

1518. You would not go as far as that?—No.

1519. You said there would be an effect on the speed of operation of the ticket offices and a slow-down of traffic. There would be no slowing down of traffic independently of the question whether the people could get their tickets issued quickly enough, would there? Are not those two things really the same objection?—I had principally in mind journeys from the street to the platform. I ought also to have in mind the journey up from the platform to the street at the other end of the journey, because I suspect that if there were many more fares in operation on our railways it would lead to a greater amount of ticket inspection at the close of the journey.

1520. Can that possibly be right? It would not alter the number of status, and it would not alter the number of people who were coming out?—No, but it alters the number of tickets.

1521. It alters the prices, does it not?—And therefore it has got to be that much closely examined. The tickets we examine have not got the name of the station of destination printed on them, just the name of the station of origin for 90 per cent. of the tickets. If you were to go to St. James's Park Station and buy a 7d. ticket, you would have a ticket with "7d." on it and "St. James's Park" printed in bold letters on the front, with the stations of destination printed on the back. Now, when those tickets are presented at the collection barrier at the termination of the journey our collectors, in order to

check the validity of the tickets, do depend and rely on the fare printed on the face of the ticket and the station of origin. If there are a lot more fares, if the ticket system is complicated by the creation of a large number of zones, I think they will have a more difficult job if they are to see that the Executive's revenue is preserved as far as possible. I do not want to over stress that.

1522. That is not a very serious matter, is it? They could easily have the scale in their heads—I would not pretend it is a serious matter, but it is another matter.

1523. So far as coaches are concerned, am I not right in saying that does not arise until you get to six miles, because there is a minimum fare?—Yes.

(Mr. Goff): I now want to go to a further topic and discuss the question of yields. I do not know whether it would be a convenient moment, Sir.

(President): Very well.

(Adjourned until to-morrow at 12 noon)

Written Statement put in by the South Essex Traffic Advisory Committee

The South Essex Traffic Advisory Committee contend as follows:—

I am instructed by the South Essex Advisory Committee to write to you in support of the objections lodged by the Committee to the above-mentioned applications. The Committee does not propose to instruct Counsel to appear on their behalf at the Inquiry, but they have requested me to mention the following points which they hope the Court may feel able to consider with their objections.

As you are aware, the Advisory Committee represents six authorities from the East side of London with a population of over half a million. Most of the workers in this area travel daily to the Central London Area or to the East End and their household expenditure on travelling is high. It is not practicable for them to obtain work nearer their homes or to obtain homes nearer their work. This complete dependence on public transport services is one of the established social features of the area.

The Committee submit that, at the present time, the proposed increase in fares will undoubtedly have the effect of increasing the amount of private transport on the roads and of reducing the revenue of the British Transport Commission.

The Committee are also of the opinion that the abolishment of early morning fares will have the effect of increasing the number of persons travelling to work during the peak period in the morning and thus reducing the efficiency of the Commission's services.

The Committee have also requested me to inform you that they view with concern the fact that, before Application 1960 No. 2 had received consideration, further Amendments to the 1959 Scheme were made on the 21st November, 1960.

(Signed) E. R. FARR

Hon. Secretary

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[Continued]

TABLE SWH 8

L.T.E. CENTRAL CHARGES (INTEREST, ETC.) CONTRIBUTION, 1960-1962

(On basis of B.T.C.'s estimates of capital expenditure, net revenue, and withdrawals from Maintenance Equalisation Fund)

Ref.	1960			1961			1962		
	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.	£m.
1 Net capital outlay (AE 5)			13.1			12.9			15.4
2 Less internal financing Depreciation (AE 5) ...		3.7			4.0			4.3	
Margin :									
3 Net Revenue (AE 5) ...	8.0			8.1			8.9		
4 Less Central Charges (as below)	5.6			6.0			6.5		
5		2.4			2.1			2.4	
6		6.1			6.1			6.7	
7 Less Withdrawals from Maintenance Equalisation A/c (AE 5) ...		—			0.6			0.3	
8			6.1			5.5			6.4
9 Net increase in capital invested			7.0			7.4			9.0
10 Total capital invested to end of year 1959 (Nearest £m.) 153			160			167			176
11 Mean for year			156.5			163.5			171.5
12 Increase on mean for 1959 (SWH 2 £152m.)			4.5			11.5			19.5
13 Interest thereon at 6% ...			0.27			0.69			1.17
14 Central charges for 1959			5.3			5.3			5.3
15 Central charges for year			5.6			6.0			6.5
Comparisons :									
16 AE 5			6.3			6.8			7.4
17 SWH 4 (Specific method)			5.9			6.3			6.8

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[Continued]

LCC 1

L.T.E. RAILWAYS—ORDINARY TICKET TRAFFIC
ESTIMATED ANNUAL EFFECT ON REVENUE OF SUBSTITUTION OF L.C.C. SCALE FOR THE SCALE
PROPOSED IN SECTION 79 APPLICATION DATED 5th DECEMBER, 1960

Miles (1)	Ordinary fares			Increase in fares by S.79 application s. d. (5)	Gross yield £ (6)	Discounted yield £ (7)	Increase in fares by L.C.C. scale s. d. (8)	Gross yield £ (9)	Discounted yield £ (10)
	Operative from 15.1.61 s. d. (2)	Proposed in Sec. 79 application s. d. (3)	L.C.C. scale s. d. (4)						
1 ...	3	3	3	—			—		
1½ ...	5	5	5	—			—		
2 ...	6	6	6	—			—		
2½ ...	8	8	8	—			—		
3 ...	8	9	9	1	117,028	65,020	1	117,028	65,020
3½ ...	10	11	10	1			—		
4 ...	10	11	11	1	267,161	123,088	—	106,864	48,090
4½ ...	10	11	11	1	176,760	120,252	—	70,704	47,725
5 ...	10	11	11	1			—		
5½ ...	12	13	12	1	126,885	80,282	—	50,754	31,721
6 ...	12	13	13	1			—		
6½ ...	14	15	14	1	92,620	53,743	—	37,048	21,303
7 ...	14	15	15	1			—		
7½ ...	16	17	16	1	59,013	31,699	—	23,605	12,393
8 ...	16	17	17	1			—		
8½ ...	18	19	18	1	45,700	22,291	—	18,280	8,683
9 ...	18	19	19	1			—		
9½ ...	110	111	110	1	37,181	16,404	—	14,872	6,321
10 ...	110	111	111	1			—		
10½ ...	20	21	20	1	25,417	9,954	—	10,166	3,812
11 ...	20	21	21	1	64,811	45,201	—	25,924	18,080 (say)
11½-30 ...					30,572	18,564		12,228	7,425 (say)
Over 30...					1,043,148	586,498		487,473	270,373

16 February, 1961

[Continued]

LCC 2

L.T.E. ROAD SERVICES (EXCLUDING COACHES)—ORDINARY TICKET TRAFFIC
ESTIMATED ANNUAL EFFECT ON REVENUE OF SUBSTITUTION OF L.C.C. SCALE FOR THE SCALE PROPOSED IN
SECTION 79 APPLICATION DATED 5th DECEMBER, 1960

Miles	Ordinary fares			Increase in fares by S.79 application s. d. (5)	Gross yield £ (6)	Discounted yield £ (7)	Increase in fares by L.C.C. scale s. d. (8)	Gross yield £ (9)	Discounted yield £ (10)
	Operative from 15.1.61 s. d. (2)	Proposed in Sec. 79 application s. d. (3)	L.C.C. scale s. d. (4)						
1	3	3	3	—	—	—	—	—	—
1½	5	5	5	—	—	—	—	—	—
2	6	6	6	—	—	—	—	—	—
2½	8	8	8	—	—	—	—	—	—
3	8	9	9	1	565,734	415,904	1	565,734	438,444
3½	10	11	10	1	626,846	403,042	—	250,738	181,785
4	10	11	11	1	—	—	—	—	—
4½	1 0	1 1	1 0	1	314,119	201,045	—	125,647	84,812
5	1 0	1 1	1 1	1	—	—	—	—	—
5½	1 2	1 3	1 2	1	178,784	114,569	—	71,513	44,696
6	1 2	1 3	1 3	1	—	—	1	—	—
6½	1 4	1 5	1 4	1	86,006	50,602	—	34,402	19,782
7	1 4	1 5	1 5	1	—	—	—	—	—
7½	1 6	1 7	1 6	1	48,768	27,250	—	19,507	10,241
8	1 6	1 7	1 7	1	—	—	—	—	—
8½	1 8	1 9	1 8	1	29,471	14,617	—	11,788	5,600
9	1 8	1 9	1 9	1	—	—	—	—	—
9½	1 10	1 11	1 10	1	20,698	8,927	—	8,279	3,519
10	1 10	1 11	1 11	1	—	—	—	—	—
Other fares				1,422		906	—	568	360 (say)
				1,871,848		1,236,862	—	1,088,176	789,239

16 February, 1961

[Continued]

LCC 3

ALTERATIONS TO THE BRITISH TRANSPORT COMMISSION (PASSENGER)
CHARGES SCHEME, 1959
LONDON LINES

(LONDON TRANSPORT EXECUTIVE RAIL AND BRITISH RAILWAYS WITHIN
THE LONDON AREA)

SUGGESTED MONTHLY SEASON TICKET SCALE ($\frac{1}{4}$ MILES)

(1) Mileage	(2) Existing Scale £ s. d.	(3) Suggested Scale £ s. d.
5	2 4 0	2 5 0
5½	2 9 0	2 8 0
6	2 9 0	2 11 0
6½	2 14 0	2 13 6
7	2 14 0	2 16 0
7½	2 19 0	2 19 0
8	2 19 0	3 2 0
8½	3 4 0	3 4 6
9	3 4 0	3 7 0
9½	3 9 0	3 9 6
10	3 9 0	3 12 0
10½	3 13 0	3 14 6
11	3 13 0	3 17 0
11½	3 18 0	3 19 6
12	3 18 0	4 2 0
12½	4 2 0	4 4 0
13	4 2 0	4 6 0
13½	4 6 0	4 8 0
14	4 6 0	4 10 0
14½	4 10 0	4 12 6
15	4 10 0	4 15 0
15½	4 14 0	4 17 0
16	4 14 0	4 19 0
16½	4 19 0	5 1 6
17	4 19 0	5 4 0
17½	5 3 0	5 6 0
18	5 3 0	5 8 0
18½	5 7 0	5 10 0
19	5 7 0	5 12 0
19½	5 11 0	5 14 6
20	5 11 0	5 17 0
20½	5 15 0	5 19 0
21	5 15 0	6 1 0
21½	5 19 0	6 3 0
22	5 19 0	6 5 0
22½	6 3 0	6 7 6
23	6 3 0	6 10 0
23½	6 7 0	6 12 0
24	6 7 0	6 14 0
24½	6 11 0	6 16 0
25	6 11 0	6 18 0

and subsequently for whole mileages as in proposed Scheme for $\frac{1}{4}$ mile at a rate midway between the rates for relevant mileages

NOTE. The rates for whole mileages as in proposed Scheme

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